

FIFTY-FIRST DAY

St. Paul, Minnesota, Thursday, May 10, 1979

The Senate met at 9:00 o'clock a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Ashbach	Frederick	Knaak	Rued	Ueland, A.
Benedict	Gearty	Laufenburger	Schmitz	Ulland, J.
Bernhagen	Gunderson	Lessard	Setzepfandt	Vega
Chmielewski	Hanson	Luther	Sillers	Wegener
Coleman	Hughes	Menning	Solon	Willet
Davies	Jensen	Merriam	Staples	
Dieterich	Keefe, S.	Penny	Stokowski	
Dunn	Kirchner	Peterson	Strand	
Engler	Kleinbaum	Purfeerst	Stumpf	

The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Syl Brown.

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

Anderson	Frederick	Knoll	Olson	Sillers
Ashbach	Gearty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessee
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoff	Sikorski	Willet

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Mr. Schrom was excused from the Session of today. Messrs. McCutcheon and Nelson were excused from the Session of today

until 9:45 o'clock a.m. Mr. Moe was excused from the Session of today until 12:00 o'clock noon. Mr. Sikorski was excused from the Session of today at 11:30 o'clock a.m. Mr. Benedict was excused from this evening's Session from 7:30 to 9:30 o'clock p.m. Mr. Peterson was excused from this evening's Session at 7:30 o'clock p.m.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Messrs. Benedict; McCutcheon; Chmielewski; Keefe, J. and Knutson introduced—

S. F. No. 1559: A bill for an act proposing an amendment to the Minnesota constitution; adding a new article to provide for initiative-referendum.

Referred to the Committee on Judiciary.

Messrs. Kleinbaum, Sieloff, Gearty, Merriam and Keefe, J. introduced—

S. F. No. 1560: A bill for an act relating to education; establishing a demonstration educational grant program; appropriating money.

Referred to the Committee on Education.

Mr. Dunn, by request, introduced—

S. F. No. 1561: A bill for an act relating to soil and water conservation; imposing duties upon land occupiers to apply and maintain wind and water erosion control systems in accordance with rules of soil and water conservation districts established within guidelines of the state soil and water conservation board.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Solon introduced—

S. F. No. 1562: A bill for an act relating to usury; changing the penalty for usurious loans made by state banks and savings banks; amending Minnesota Statutes 1978, Sections 334.02; 334.03; and Chapter 48, by adding a section.

Referred to the Committee on Commerce.

Messrs. Renneke and Purfeerst introduced—

S. F. No. 1563: A bill for an act relating to education; modifying a subdivision providing for identification, assessment and educa-

tional placement of handicapped school children; setting tuition at certain schools for the handicapped and providing for certain tuition reimbursement; establishing which school districts shall claim certain aid; providing for certain participation in and notification of certain child placement decisions; abolishing certain expenditure limitations; amending Minnesota Statutes 1978, Sections 120.17, Subdivisions 3b and 7a; and 124.212, Subdivision 20; repealing Minnesota Statutes 1978, Section 120.171.

Referred to the Committee on Education.

Mr. Renneke introduced—

S. F. No. 1564: A bill for an act relating to agriculture; providing an income tax exclusion for interest earned on certain family farm security loan transactions; amending Minnesota Statutes 1978, Sections 41.55; 290.01, Subdivision 20; and Chapter 41, by adding a section.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Perpich, Nichols, Ogdahl, Anderson and Ashbach introduced—

S. F. No. 1565: A bill for an act relating to health; requiring abortion providers to give counseling related to sexual reproduction and birth control methods; providing state aid for those counseling services; appropriating money.

Referred to the Committee on Health, Welfare and Corrections.

Mr. Stokowski introduced—

S. F. No. 1566: A bill for an act relating to insurance; requiring certain property owners to file reports; providing for a late report penalty; appropriating money.

Referred to the Committee on Commerce.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received and referred to the committee indicated.

April 26, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

The following appointment to the Public Employment Relations Board is hereby respectfully submitted to the Senate for confirmation as required by law:

Sidney S. Feinberg, 4370 Brookside Court, Edina, Hennepin County, has been appointed by me, effective April 26, 1979, for a term expiring the first Monday in January, 1983.

(Referred to the Committee on Governmental Operations.)

Sincerely,

Albert H. Quie, Governor

May 7, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
218		70	May 7	May 7
362		71	May 7	May 7
538		72	May 7	May 7
737		73	May 7	May 7
1149		74	May 7	May 7

Sincerely,

Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 660, 708 and 980.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 9, 1979

Mr. President:

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

S. F. No. 528: A bill for an act relating to courts; conforming civil fees collected by the Hennepin county municipal court with

the district court; amending Minnesota Statutes 1978, Section 488A.03, Subdivision 11.

Senate File No. 528 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 9, 1979

Mr. Davies moved that S. F. No. 528 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H. F. No. 699.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 9, 1979

FIRST READING OF HOUSE BILLS

The following bill was read the first time and referred to the committee indicated.

H. F. No. 699: A bill for an act relating to labor; increasing the minimum wage; providing for future increases; amending Minnesota Statutes 1978, Sections 177.23, Subdivision 7; and 177.24, Subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 352, now on Special Orders.

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was re-referred

S. F. No. 474: A bill for an act relating to taxation; income tax; providing a renewable energy credit; amending Minnesota Statutes 1978, Section 290.06, by adding a subdivision.

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

Page 1, line 10, delete "20" and insert "15"

Page 1, line 12, after the comma, insert "including the expenditures described in clauses (a), (b) and (d) if"

Page 1, line 13, delete "in a taxable year" and insert "and expenditures for biomass conversion equipment described in clause (c)"

Page 1, line 15, after "year" insert "in which the expenditures were made"

Page 1, line 15, after the period insert *"In the case of qualifying expenditures incurred in connection with a building under construction by a contractor, the credit shall be deducted from the tax liability of the first individual to purchase the home for use as a principal residence; the contractor shall not be eligible for the credit given pursuant to this subdivision for that expenditure."*

Page 3, line 11, delete *"with respect to a"*

Page 3, delete line 12

Page 3, line 13, delete the language before the comma

Page 3, line 14, delete *"credit allowable for each kind of"* and insert *"maximum"* and after *"for"* insert *"which a taxpayer may qualify for a credit under this subdivision in subsequent years"*

Page 3, line 15, delete *"the current taxable year"* and after *"be"* insert *"\$10,000"*

Page 3, line 16, delete *"of that kind taken into account"* and insert *"for which a credit was claimed pursuant to this subdivision"*

Page 3, line 19, delete the language after the period

Page 3, delete line 20

Page 3, line 22, after *"credit"* insert *"shall not be refunded but"*

Page 4, line 10, delete *"the tax"* and insert *"taxable"*

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 471: A bill for an act relating to taxation; providing that joint tenants may apportion property tax refund claims; amending Minnesota Statutes 1978, Section 290A.03, Subdivisions 8 and 13.

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

Page 2, line 17, after *"persons"* insert *"who are related by blood or by marriage other than as husband or wife"*

Page 2, line 19, after the first *"each"* insert *"or, if their shares of ownership are not equal, shall be deemed to be payable in proportion to their ownership,"*

Page 2, line 19, delete *"may"* and insert *"shall"*

Page 2, line 27, after *"payable"* insert *“, homestead credit given"*

Page 2, line 28, delete *"their combined incomes shall be included in"*

Page 3, line 17, strike everything after the period

Page 3, lines 18 to 25, strike the old language and delete the new language

Page 3, after line 29, insert:

"Sec. 3. Minnesota Statutes 1978, Section 290A.05, is amended to read:

290A.05 [COMBINED HOUSEHOLD INCOME.] If a person occupies *but does not own* a homestead as a joint tenant or tenant in common 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. 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."

Page 3, line 30, delete "Sections 1 and 2 are" and insert "This act is"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete "may" and insert "shall"

Page 1, line 4, delete "Section" and insert "Sections"

Page 1, line 5, after "13" insert "; and 290A.05"

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 337: A bill for an act relating to taxation; increasing the amount of deductible losses from out-of-state property; amending Minnesota Statutes 1978, Section 290.17, Subdivision 1.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services

of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "homeowners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended.

For each of the taxable years beginning after December 31, 1960 and prior to January 1, 1971, the term "gross income" in its application to individuals, estates, and trusts, shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through December 31, 1970 for the applicable taxable year, with the modifications specified in this section.

For each of the taxable years beginning after December 31, 1970, the term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1970, shall be in effect for taxable years beginning after December 31, 1970 and prior to January 1, 1973.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1972, shall be in effect for taxable years beginning after December 31, 1972.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1973, shall be in effect for taxable years beginning after December 31, 1973.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H.R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of chapter 290 at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for nonrecognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any such other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for such reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for such previous taxable year.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint or separate Minnesota income tax returns. In the case of separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1976, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, that was previously allowed

as a deduction either under section 290.01, subdivision 20 (b) (7) or under section 290.09, subdivision 24; and

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101; and

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, as amended through December 31, 1976, if the nonprofit corporation is domiciled outside of Minnesota;

(13) Exempt-interest dividends, as defined in section 852(b)-(5)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1976, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, as amended through December 31, 1976, except for that portion of such exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(14) The amount of any excluded gain realized by a trust on the sale or exchange of property as defined in section 641(c)(1).

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to fifty per centum of such portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of such securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from such losses;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether such amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code of 1954, as amended through December 31, 1977. The maximum amount of this subtraction shall be \$7,200 less the sum of (a) social security retirement benefits received during the taxable year, (b) railroad retirement benefits received during the taxable year, and (c) the amount by which the individual's federal adjusted gross income exceeds \$13,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be \$7,200 less the sum of social security retirement benefits and railroad retirement benefits; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$13,000;

(7) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later; and

(9) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed after December 31, 1977 and before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60 ; and

(10) *The amount of any income earned for personal services rendered prior to the date when the taxpayer became a resident of Minnesota .*

(c) Modifications affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954, or section 290.972 of this chapter.

(1) Shareholders in a small business corporation, which has elected to be so taxed under the Internal Revenue Code of 1954, but has not made an election under section 290.972 of this chapter, shall deduct from federal adjusted gross income the amount of any imputed income from such corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of such stock ownership. Also there shall be added to federal adjusted gross income the amount of any distributions in cash or property made by said corporation to its shareholders during the taxable year.

(2) In cases where the small business corporation has made an election under section 1372 of the Internal Revenue Code of 1954, but has not elected under section 290.972 of this chapter and said corporation is liquidated or the individual shareholder disposes of his stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, such shareholders shall be entitled, nevertheless, to a capital loss commensurate to their Minnesota basis for the stock.

(3) In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under section 290.972 of this chapter and at the close of the taxable year immediately preceding the effective election under section 290.972 the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that such reserve is distributed to shareholders such distribution shall be taxed as a dividend for purposes of this act.

Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that such amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1 (2) in computing Minnesota inheritance tax liability shall not be

allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have such amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 2. Minnesota Statutes 1978, Section 290.095, Subdivision 4, is amended to read:

Subd. 4. [COMPUTATION AND MODIFICATIONS.] The following modifications shall be made in computing a net operating loss in any taxable year and also in computing the taxable net income for any taxable year before a net operating loss deduction shall be allowed:

(a) Deductions otherwise allowable in computing taxable net income, but which are not attributable to the operation of a trade or business regularly carried on by the taxpayer, shall be allowed only to the extent of the amount of the gross income, not derived from such trade or business, included in computing such taxpayer's taxable net income.

(b) There shall be included in computing the gross income used in computing taxable net income the amount of the interest, excludable from gross income under section 290.08, that would be treated as assignable to this state, decreased by the amount of interest paid or accrued to purchase or carry the investments earning such interest to the extent that such interest would not have been deductible in computing the taxpayer's taxable net income.

(c) No deduction shall be allowed for or with respect to losses connected with income producing activities if the income therefrom would not be required to be either assignable to this state or included in computing the taxpayer's taxable net income which constitute tax preference items as set forth in section 290.17, subdivision 1.

(d) A net operating loss deduction shall not be allowed.

(e) The amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includible on account of gains from sales or exchanges of capital assets. The deduction for long-term capital gains provided by section 290.16, subdivision 4, shall not be allowed.

(f) Renegotiation of profits for a prior taxable year under the renegotiation laws of the United States of America, including

renegotiation of the profits with a subcontractor, shall not enter into the computation.

(g) Federal income and excess profits taxes shall not be allowed as a deduction.

Sec. 3. Minnesota Statutes 1978, Section 290.17, Subdivision 1, is amended to read:

290.17 [GROSS INCOME, ALLOCATION TO STATE.] Subdivision 1. [INCOME OF RESIDENT INDIVIDUALS, ESTATES AND TRUSTS.] (a) The gross income of individuals during the period of time when they are residents of Minnesota and the gross income of resident estates and trusts shall be their gross income as defined in section 290.01, subdivision 20, *except that the amount of otherwise deductible losses incurred in connection with income derived from sources outside the state shall be reduced by the sum of the taxpayer's items of tax preference as defined in section 57 of the Internal Revenue Code of 1954, as amended through December 31, 1978, which are attributable to losses incurred in connection with sources of income outside the state.*

(b) *Deductions for losses incurred in connection with income derived from sources outside the state which is included in an individual's gross income pursuant to this subdivision, may be taken only to the extent of the amount of income derived from sources outside the state in the taxable year during which the loss was incurred.*

(c) *Any deductions for losses which could not be taken in the three immediately preceding taxable years because of the provisions of clause (b), may be taken to reduce any net income derived from sources outside the state which remain after application of clause (b) for income earned and deductions for the current taxable year; provided, however, that any deductions allowable pursuant to this clause (c) may be taken only to the extent of the amount of net income remaining after the application of clause (b).*

Sec. 4. Minnesota Statutes 1978, Section 290.23, is amended by adding a subdivision to read:

Subd. 16. [INCOME FROM OUT-OF-STATE PROPERTY.] There shall be allowed as a deduction in computing the taxable net income of a trust or an estate the amount of income or gains from tangible personal or real property having a situs outside this state allocated to this state according to the provisions of section 290.17, subdivision 1.

Sec. 5. [EFFECTIVE DATE.] *Section 2 is effective for losses incurred in taxable years beginning after December 31, 1978. Section 3 is effective for taxable years beginning after December 31, 1978. The remainder of this act is effective for taxable years beginning after December 31, 1977."*

Amend the title as follows:

Page 1, delete lines 2 to 5 and insert "relating to taxation; providing for allocation of items of income to the state; restricting the deduction of net operating losses incurred in connection with out-of-state sources; providing a deduction for trust and estate income from out-of-state sources; amending Minnesota Statutes 1978, Sections 290.01, Subdivision 20; 290.095, Subdivision 4; 290.17, Subdivision 1; and 290.23, by adding a subdivision."

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

Mr. Moe from the Committee on Finance, to which was re-referred

S. F. No. 1109: A bill for an act relating to natural resources; reducing local match required for dam repair and reconstruction grants; authorizing loans for local share of project costs; authorizing sale of bonds for loan program; appropriating money; amending Minnesota Statutes 1978, Section 105.482, Subdivisions 3 and 5, and by adding a subdivision.

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

Page 4, line 6, delete "*general*" and insert "*state building*"

Page 4, line 11, delete "*general*" and insert "*state building*"

Page 4, line 29, delete "*subdivision 4*" and insert "*subdivisions 2, 3, and 4*"

Page 4, line 31, delete "\$1,396,350" and insert "\$3,275,000"

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

Mr. Moe from the Committee on Finance, to which was re-referred

S. F. No. 1465: A bill for an act relating to pollution; authorizing water pollution control fund grants for certain wastewater treatment projects; providing for use of state and federal funds in certain proportions; authorizing issuance of Minnesota state water pollution control bonds; appropriating money; amending Minnesota Statutes 1978, Section 116.18, Subdivisions 1 and 4.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Moe from the Committee on Finance, to which was re-referred

S. F. No. 664: A bill for an act relating to the state transportation system; authorizing the issuance and sale of Minnesota state transportation bonds; authorizing the expenditure of the proceeds for grants for construction and reconstruction of certain bridges and for certain preliminary studies; appropriating money; amend-

ing Minnesota Statutes 1978, Section 174.50, by adding a subdivision.

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

Page 1, line 17, delete "\$54,000,000" and insert "\$52,000,000"

Page 2, line 2, delete "\$54,000,000" and insert "\$52,000,000"

Page 2, after line 19, insert:

"At least five percent of this amount shall be used for bridges that also serve as water control structures."

Page 2, after line 22, insert:

"At least five percent of this amount shall be used for bridges that also serve as water control structures."

Page 2, line 28, delete "\$4,000,000" and insert "\$2,000,000"

Page 2, line 33, delete "and"

Page 3, line 1, delete "environmental" and insert "of a river crossing which requires extensive"

Page 3, line 1, delete "necessary" and insert "and evaluations"

Page 3, line 2, delete "a"

Page 3, delete line 3

Page 3, line 4, delete "subdivision" and insert "the crossing"

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

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

H. F. No. 317: A bill for an act relating to highway traffic regulations; passing a stopped school bus displaying stop arm signals; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Section 169.44, by adding a subdivision.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 169.44, is amended by adding a subdivision to read:

Subd. 1a. (1) 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 two hours.

(2) The owner or, in the case of a leased vehicle, the lessee of a motor vehicle, may be fined not to exceed \$100, if a motor vehicle owned or leased by the person is operated in violation of

subdivision 1. The owner or lessee may not be so fined if the motor vehicle was stolen, or if conviction of another is had for a 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 clause does not constitute grounds for revocation or suspension of the owner's driver's license."

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

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

H. F. No. 521: A bill for an act relating to domestic abuse; authorizing judicial intervention to provide protection from domestic abuse; prescribing penalties.

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

Page 1, line 7, after "Section 1." insert "[518B.01]"

Page 1, line 8, delete "protection from"

Page 1, line 9, delete "section" and insert "act"

Page 2, line 2, delete "district or"

Page 2, line 3, delete "county court" and insert "the court having jurisdiction over dissolution actions"

Page 2, line 6, delete "an application" and insert "a petition"

Page 2, line 8, delete "An application" and insert "A petition"

Page 2, line 12, delete "An application" and insert "A petition"

Page 2, line 16, delete "An application" and insert "A petition"

Page 2, line 29, delete "application" and insert "petition"

Page 3, line 10, delete "the petitioner" and insert "a spouse"

Page 3, line 12, after "parties" insert ", if married, or if there are minor children"

Page 3, line 13, delete "such"

Page 3, line 14, delete "applicant" and insert "petitioner"

Page 3, line 21, delete "applicant" and insert "petitioner"

Page 3, line 23, delete "such"

Page 4, line 2, delete "such" and insert "the"

Page 4, line 2, delete "application" and insert "petition"

Page 4, line 8, delete "applicant" and insert "petitioner"

Page 4, line 9, delete "applicant" and insert "petitioner"

Page 4, line 10, delete "applicant" and insert "petitioner"

Page 4, line 24, delete "applicant" and insert "petitioner"

Page 5, delete lines 5 to 7

Page 5, line 8, delete "(c)" and insert "(b)"

Page 5, after line 10, insert:

"Subd. 15. Any testimony offered by a respondent in a hearing pursuant to this section is inadmissible in a criminal proceeding."

Re-number the subdivisions in sequence

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

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

H. F. No. 797: A bill for an act relating to juveniles; juvenile traffic offenders; requiring prosecution of juveniles who commit minor traffic offenses under laws controlling adult offenders; amending Minnesota Statutes 1978, Sections 260.111, Subdivision 1; 260.115, Subdivision 1; 260.121, Subdivision 3; and 260.193.

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

Page 3, line 29, after "169.91" insert "*and shall make reasonable effort to notify the child's parent or guardian of the nature of the charge*"

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

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

S. F. No. 1280: A bill for an act relating to mobile homes; regulating space and lot rentals and leases; prohibiting unreasonable park rules and regulations; requiring notice; specifying grounds for eviction and access; prohibiting retaliatory conduct; amending Minnesota Statutes 1978, Sections 327.42, Subdivisions 1 and 2; 327.43, Subdivision 2, and by adding a subdivision; 327.44; and Chapter 327, by adding sections.

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

Pages 1 to 3, delete section 1

Page 4, line 1, delete "*or impose undue*"

Page 4, line 2, delete "*hardship on the tenant*"

Page 4, line 2, after the period, insert "*A reasonable rent increase or a modification of the lease or rental agreement resulting*

from governmental action shall not be construed as a substantial modification of the lease or rental agreement."

Page 4, after line 2, insert:

"Sec. 2. Minnesota Statutes 1978, Section 327.42, is amended by adding a subdivision to read:

Subd. 3. Entry into an agreement pursuant to this section shall not be deemed a waiver of any rights or privileges guaranteed by law to the mobile home park owner or tenant.

Sec. 3. Minnesota Statutes 1978, Section 327.42, is amended by adding a subdivision to read:

Subd. 4. The following notice printed verbatim in boldface type of a minimum size of 10 points shall be provided to prospective tenants before they sign leases or rental agreements:

"IMPORTANT NOTICE

Your lease or rental agreement will set forth your rights and duties as well as the rights and duties of this mobile home park.

You may stay in the park for the term of your lease as long as it is in operation and you meet your financial obligations, obey state and local laws regarding mobile home parks, abide by park rules or regulations, meet any other obligations in the agreement and do not substantially annoy or endanger other tenants or substantially damage the park premises.

You cannot be evicted until you have received written notice for the eviction and have been given

(a) the time the ordinance, law or regulation provides to comply with a local ordinance, state law or regulation relating to mobile homes or a reasonable time if the ordinance, law or regulation provides no time, or

(b) 30 days to comply with the terms and conditions of the lease or rental agreement, except for nonpayment of rent.

If you have substantially annoyed or endangered other tenants or have caused substantial damage to the mobile home park premises, you will have 30 days after receipt of written notice to move out of the park. However, if during the 30 day period you substantially annoy or endanger other tenants or damage the park premises, you may be evicted immediately.

If you have been served with an eviction notice and you refuse to vacate the mobile home park, the park owner may commence a legal proceeding against you. If the judge or jury decides in your favor, you may stay within the park. However, if the judge or jury decides in favor of the park owner, a sheriff may move you and your belongings out of the park within 24 hours.

The mobile home park must give you 60 days written notice of any change in the terms or conditions of the agreement.

Rules or regulations of the park must not be unreasonable.

Changes made in rules or regulations after you enter into this agreement will not apply to you if they substantially change your agreement.

The mobile home park may not charge you more for utilities than the rate which is charged to single-family dwellings in the same utility service area for comparable service or more than the rate which you could pay directly for the same utility service from some other comparable source in the same market area.

The park may charge you no fee for a space or lot except rent plus reasonable charges for goods and services furnished you at the expense of the park in setting up your home on the space or lot.

Security deposits for damage to property or for default in the agreement may not exceed two months' rent.

If you decide to sell your mobile home and it is more than 15 years old, the park owner may insist that you move your home from the park after its sale.

You may not be evicted or have your rent increased or your services decreased for reporting to the Minnesota department of health, the Minnesota attorney general or other appropriate governmental agency any violation of law or health or building code.

You must receive written notice six months in advance if the park voluntarily ceases or partially ceases operation or 90 days' written notice if your home must be moved to enable the park owner to make improvements to the park premises.

State laws governing mobile home park rentals and leases may be enforced by the Minnesota attorney general."

Park owners shall also provide the notice to persons who are park tenants on August 1, 1979."

Page 4, line 9, delete "if manufactured"

Page 4, lines 10 and 11, delete the new language

Page 4, line 21, delete everything after the period

Page 4, delete lines 22 and 23

Page 5, line 1, delete "90 days" and insert "the time the ordinance, law or regulation provides or, if no time is provided, within a reasonable time"

Page 5, line 2, delete "from the governmental agency"

Page 5, line 5, delete "by certified"

Page 5, line 6, delete "mail"

Page 5, line 6, after "noncompliance" insert ", except the 30 day notice shall not apply to nonpayment of rent"

Page 5, line 6, delete "or"

Page 5, line 7, after "operate" insert "all or part of"

Page 5, line 9, strike the period and insert ";

(d) The tenant conducts himself upon the mobile home park premises in a manner which substantially annoys or endangers the health or safety of other tenants or causes substantial damage to the mobile home park premises and has received 30 days written notice to vacate, except the park owner may require the tenant to vacate immediately if the tenant violates this clause a second or subsequent time after receipt of the notice;

(e) The mobile home park owner intends to make improvements to the mobile home park premises which necessitate removal of the tenant's mobile home from the park and the tenant has received 90 days' written notice; or

(f) A lease of a term of at least one year expires and the lessor seeks to recover possession within 15 days after expiration."

Page 5, line 15, delete "space or lot" and insert "park premises"

Page 5, line 28, delete "or threaten to bring"

Page 5, line 30, after "(a)" insert "Good faith"

Page 5, line 32, after the semicolon insert "or"

Page 5, delete line 33

Page 6, delete line 1

Page 6, line 2, after "(c)" insert "Good faith"

Page 6, line 5, delete "120" and insert "90"

Page 6, line 6, delete "120" and insert "90"

Reletter the clauses in sequence

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, delete "Subdivisions 1 and" and insert "Sub-division"

Page 1, line 8, after the first "2" insert ", and by adding subdivisions"

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

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

S. F. No. 1370: A bill for an act relating to crimes; prohibiting the obtaining or retaining of a child in violation of a court order; prescribing penalties; amending Minnesota Statutes 1978, Section 609.26.

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

Page 1, line 11, delete "*knowingly*" and reinstate "*intentionally*"

Page 1, line 11, delete "*conceals,*"

Page 1, line 15, delete "*or*"

Page 1, line 16, delete "*visitation*"

Page 1, line 16, strike "to imprisonment for not more"

Page 1, strike line 17

Page 1, line 18, strike "\$2,000, or both" and insert "*as provided in subdivision 5*"

Page 1, line 19, delete "*conceals,*"

Page 1, line 22, delete "*to*" and insert "*as provided in subdivision 5.*"

Page 2, delete lines 1 and 2

Page 2, line 9, delete "*charge*" and insert "*custody*"

Page 2, line 9, after the period, insert "*In addition to any sentence imposed,*"

Page 2, after line 11, insert:

"Subd. 5. Whoever violates this section may be sentenced as follows:

(1) To imprisonment for not more than 90 days or to payment of a fine of not more than \$500, or both, if he voluntarily returns the child within 14 days after he obtains or retains the child in violation of this section; or

(2) Otherwise to imprisonment for not more than one year and one day or to payment of a fine of \$1,000, or both."

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

Mr. Coleman from the Committee on Rules and Administration, to which was referred

H. F. No. 1144 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

SPECIAL ORDERS CONSENT CALENDAR CALENDAR

H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
1144	1119				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which were referred

H. F. Nos. 1563, 1324 for comparison with companion Senate Files, reports the following House Files were found not identical with their companion Senate Files as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
1563	1540				
1324	1484				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1563 be amended as follows:

Strike everything after the enacting clause and insert:

“Section 1. [TRANSPORTATION; APPROPRIATIONS.] The sums set forth in the columns designated “APPROPRIATIONS” are appropriated from the trunk highway fund, or any other fund designated, to the commissioner of transportation for the purposes specified in the following sections of this act, to be available for the fiscal years indicated for each purpose. The figures “1980” and “1981”, wherever used in this act, mean that the appropriation or appropriations listed thereunder are available for the year ending June 30, 1980 or June 30, 1981, respectively.

SUMMARY BY FUND

	1980	1981	TOTAL
General	\$24,998,400	\$25,419,200	\$50,417,600
Airports	9,223,900	8,521,300	17,745,200
M.S.A.S.	30,800,000	30,800,000	61,600,000
C.S.A.H.	94,225,000	94,225,000	188,450,000
Tr. Hwy., Net	328,903,000	298,982,300	627,885,300
	\$488,150,300	\$457,947,800	\$946,098,100

APPROPRIATIONS

Available for the year
Ending June 30,

	1980	1981
	\$	\$

Approved Complement—4787

The approved complement includes 11 unclassified positions in the transit administration activity for this biennium only.

1980

1981

Sec. 2. POLICY AND PLANNING .. \$4,165,700 \$4,163,700

The amounts that may be expended from this appropriation for each activity are as follows:

Transportation Development

1980

1981

\$1,309,000 \$1,307,000

Transportation Services

\$2,856,700 \$2,856,700

\$55,000 the first year and \$55,000 the second year are for bicycle trail planning and programming.

Sec. 3. HIGHWAY OPERATIONS .. 408,701,700 385,030,000

The amounts that may be expended from this appropriation for each activity are as follows:

Highway Maintenance

\$70,098,700 \$69,951,300

Maintenance Preservation

\$2,895,000 \$4,710,000

District Construction Support

\$29,009,300 \$29,165,300

Highway Improvement

\$167,510,200 \$143,474,400

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways. This includes the cost of actual payment to land owners for lands acquired for highway right of way, payment to lessees, interest subsidies, and relocation expenses.

Upon enactment of this act the commissioner shall spend no money to acquire highway advertising devices pursuant to Minnesota Statutes, Section 173.17, or junkyards, except those for which acquisition proceedings were begun before enactment of this act.

\$445,000 each year is from the general fund for the development of bicycle trails

1980

1981

\$

\$

primarily on existing road rights of way and for grants to local units of government for bicycle trails pursuant to section 160.265.

The appropriation of the proceeds of state transportation bonds in Laws 1977, Chapter 277, Section 3, Subdivision 2 is available until expended.

County State Aids

\$94,225,000 \$94,225,000

This appropriation is from the county state-aid highway fund and is available until expended.

Municipal State Aids

\$30,800,000 \$30,800,000

This appropriation is from the municipal state-aid street fund and is available until expended.

If an appropriation for either county state aids or municipal state aids is insufficient to 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.

Highway Debt Service

\$14,163,500 \$12,704,000

If this appropriation is insufficient to pay all principal and interest coming due 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 pay that amount pursuant to the statutory appropriation.

	1980	1981
	\$	\$
Sec. 4. PUBLIC TRANSPORTATION OPERATIONS	24,165,300	25,165,300

The amounts that may be expended from this appropriation for each activity are as follows:

Transportation Rates and Regulation

\$501,800 \$501,800

Transit Administration

\$388,000 \$388,000

Transit Assistance Grants

\$21,765,000 \$21,765,000

This appropriation is from the general fund.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$8,340,000 each year is for performance funding payments by the commissioner.

\$4,900,000 each year is for social fare reimbursement grants.

For the biennium ending June 30, 1981 there shall be no retainage on performance funding or social fare grant payments to the metropolitan transit commission.

\$750,000 each year is for public transit subsidy grants to private operators within the metropolitan area.

Until the rules required by section 174.24, subdivision 3, as amended by this act, are adopted, the commissioner shall base subsidies upon the standards already developed and contained in the report "Recommendations for Regular Route Service Standards: Private Operators—Metro Area."

If a private operator discontinues service, the metropolitan transit commission shall assume responsibility for providing service without interruption to the area formerly served by the private operator. The unearned portion of any encumbrance within this appropriation allocated for payments to that private operator

	1980	1981
	\$	\$

shall be transferred to the appropriation for performance funding payments to the metropolitan transit commission.

\$2,000,000 each year is for public transit subsidy grants outside the Twin Cities metropolitan area.

\$375,000 each year is for regular route transit improvement grants. This amount is available until expended.

\$2,500,000 each year is for MTC project mobility.

\$500,000 each year is for paratransit grants for payment to the Twin Cities metropolitan transit commission. This amount is available until expended.

\$2,250,000 each year is for paratransit services statewide, excluding the metropolitan transit commission.

\$150,000 each year is for public transit capital grants.

The commissioner of transportation may transfer appropriations among the items in this activity, except the amount for special services for the handicapped, with the approval of the governor after consultation with the legislative advisory commission.

Railroads, Ports and Pipelines

\$510,500	\$510,500
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Rail Service Improvement Grants

\$1,000,000	\$2,000,000
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This appropriation is from the general fund to the rail service improvement account.

Sec. 5. AERONAUTICS OPERATIONS

9,190,300	8,487,700
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The amounts that may be expended from this appropriation for each activity are as follows:

Aeronautics Operations

\$279,300	\$279,300
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Aeronautics Development and Assistance

	1980	1981
	\$	\$
\$8,346,600		\$7,646,600

\$6,075,000 the first year and \$5,375,000 the second year is for airport construction grants.

\$1,001,400 each year is for airport maintenance grants.

\$564,100 each year is for navigational aids.

Reimbursements from municipalities for striping runways shall be deposited in the state airports fund.

The appropriations for construction grants, maintenance grants, and navigational aids are from the state airports fund. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. These appropriations shall be expended only for grant-in-aid programs for airports that are not state owned, and for the construction of an equipment storage facility at the state owned airport at Pine Creek at a cost not to exceed \$30,000. These appropriations are to be expended in accordance with Minnesota Statutes, Section 360.305, Subdivision 4, Clauses (1), (2), (4) and (5).

The commissioner of transportation may transfer unencumbered balances among the appropriations for construction grants, maintenance grants, and navigational aids with the approval of the governor after consultation with the legislative advisory commission.

Notwithstanding the provisions of Minnesota Statutes, Section 360.021, Subdivision 1, or any other law to the contrary, the commissioner of transportation shall acquire no additional state airports, nor shall he establish any additional state-owned airports during the biennium ending June 30, 1981.

No money shall be expended by the commissioner of transportation under the appropriations made in this section, or any other law, for land acquisition, or for the construction, improvement, maintenance of airports, or for air navigation facilities

1980

1981

\$

\$

for an airport, unless the governmental unit involved has or is establishing a zoning authority for that airport, and the authority has made a good faith showing that it is in the process of and will complete with due diligence, an airport zoning ordinance in accordance with Minnesota Statutes, Sections 360.061 to 360.074. Notwithstanding the foregoing prohibition, the commissioner may continue to maintain the state owned airport at Pine Creek, and may construct an equipment storage facility there.

The commissioner of transportation shall make maximum use of zoning and easements to eliminate runway and other potential airport hazards rather than land acquisition in fee.

Air Transportation Services

\$90,700 \$90,700

Aeronautics Debt Service

\$473,700 \$471,100

This appropriation is from the state airports fund.

If this appropriation is insufficient to pay all principal and interest coming due in the year in 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 pay that amount pursuant to the statutory appropriation.

Sec. 6. TECHNICAL SUPPORT SERVICES

24,982,300 21,373,100

The amounts that may be expended from this appropriation for each activity are as follows:

Operations Management

\$315,800 \$310,800

Engineering Services

\$18,597,200 \$15,142,900

	1980	1981
	\$	\$
Construction and Engineering Development Support		
\$4,580,400	\$4,430,500	
<p>\$150,000 the first year is paid in capital for the federal-state research account.</p>		
State Aid Technical Assistance		
\$310,700	\$310,700	
Electronic Communications		
\$1,178,200	\$1,178,200	
Sec. 7. GENERAL SUPPORT	16,365,800	13,728,000

The amounts that may be expended from this appropriation for each activity are as follows:

Administration

 \$5,244,000 \$5,194,000

\$50,000 the first year is for the training center revolving account for initial operating expenses.

Government and Community Relations

 \$364,200 \$364,200

Equipment

 \$7,567,600 \$5,281,800

General Services

 \$2,625,800 \$2,323,800

Legal Services

 \$564,200 \$564,200

This appropriation is for the purchase of legal services from or through the attorney general.

Sec. 8. 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 made in this act.

No transfer shall be made from the appropriation for highway improvement, except to the appropriation for highway

	1980	1981
\$		\$

maintenance, nor shall any transfer be made from highway maintenance, except with the approval of the governor after consultation with the legislative advisory commission.

No transfer shall be made from the appropriations for debt service to any other appropriation.

Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 9. 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 the appropriation for highway improvement or for highway maintenance in order to meet an emergency or to take advantage of an unanticipated receipt of income to the trunk highway fund. The amount transferred is appropriated for the purpose of the account to which it is transferred.

Sec. 10. REIMBURSEMENT

Subdivision 1. The sums of \$1,209,200 for the first year and \$1,209,200 for the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1980 and January 1, 1981, respectively, in order to reimburse the trunk highway fund for expenses not related to trunk highways.

These represent amounts appropriated out of the trunk highway fund for general fund purposes as follows: bicycle trail planning and programming; transportation rates and regulation; transit administration; railroads, ports and pipelines, and general services.

Subd. 2. The sums of \$1,109,700 for the first year and \$1,109,700 for the second year are appropriated from the state air-

	1980	1981
	\$	\$

ports fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1980 and January 1, 1981, respectively, in order to reimburse the trunk highway fund for expenses not related to trunk highways.

These represent amounts appropriated out of the trunk highway fund for aeronautics purposes in section 5, and for general services in section 7.

Sec. 11. [ACCESS ROAD TO STILLWATER PRISON.] *The sum of \$260,000 is appropriated from the general fund to the county of Washington for improving county road 67 from upper 56th Street North to the entrance to Stillwater state prison. Property on the west side of this stretch of county road 67 now under the control of the commissioner of natural resources and needed for temporary and permanent right of way for county road 67, 2.75 acres more or less, shall be transferred to the control of the commissioner of corrections. That property and property on the east side of this stretch of county road 67 now under the control of the commissioner of corrections and needed for temporary slope easements and permanent right of way for county road 67, 3.01 acres more or less, shall be conveyed without consideration by the commissioner of corrections by a deed in a form approved by the attorney general to the county of Washington for highway purposes.*

Sec. 12. [ACCESS ROAD TO THISTLEDEW CORRECTIONS CAMP.] *The sum of \$319,200 is appropriated from the general fund to the commissioner of corrections for grading, graveling and widening of the existing access road from state trunk highway marked No. 65 to the Thistledeew Corrections Camp.*

Sec. 13. Minnesota Statutes 1978, Section 3.30, Subdivision 2, is amended to read:

Subd. 2. [MEMBERS; DUTIES.] *The ~~chairman~~ chairmen of the senate ~~committee~~ committees on taxes and tax laws, the ~~chairman~~ chairman of the senate ~~committee~~ on finance, and governmental operations, the majority and minority leaders of the senate, the ~~chairman~~ chairmen of the house ~~committee~~ committees on taxes and tax laws, and the ~~chairman~~ chairman of the house ~~committee~~ on appropriations, and governmental operations, and the speaker and minority leader of the house, or their designees, shall constitute the legislative advisory commission. The governor shall preside over the meetings of the commission but shall not be a member thereof. If any of the legislative members elect not to serve on the commission, the house of which they are members, if in session, shall select some other member for such vacancy. If the legislature is not in session, vacancies in the legislative membership of the commission shall be filled by the last speaker of the house or, if he be not available, by the last chairman of the house rules committee, in case of a house vacancy, and*

by the last senate committee on committees or other appointing authority designated by the senate rules in case of a senate vacancy. The commissioner of finance shall act as secretary of the commission and shall keep a permanent record and minutes of its proceedings, which shall be public records. The commissioner of finance shall transmit, under the provisions of section 3.195, a report to the next legislature of all actions of said commission. The members of the commission shall receive traveling and subsistence expenses in attending meetings of the commission. The commission shall meet from time to time upon the call of the governor or upon the call of the secretary at the request of three or more of its members.

Sec. 14. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.3005] [FEDERAL MONEY: EXPENDITURE REVIEW.]
Subdivision 1. As used in this section, the term "state agency" means all agencies in the executive branch of state government, but does not include the Minnesota historical society, the University of Minnesota, state universities, or community colleges.

Subd. 2. Except as provided in subdivision 4, a state agency shall not expend money received by it under any federal law for any purpose unless a request to spend federal money from that source for that purpose in that fiscal year has been submitted by the governor to the legislature as a part of his biennial budget request or as part of a supplementary or deficiency budget request, or unless specifically authorized by law.

Subd. 3. When a request to spend federal money has been included in the governor's budget or authorized by law as described in subdivision 2, but the state agency proposes to use the federal money to hire state employees in addition to the number included in the governor's budget request or authorized by law, or the amount of federal money received will require a state match greater than that included in the governor's budget request or authorized by law, the additional personnel shall not be hired and the federal money that will require an additional state match shall not be allotted for expenditure until the state agency has first presented to the legislative advisory commission a request in the manner of a budget request and has received the recommendation of the commission on it. Failure or refusal of the commission to make a recommendation promptly is deemed a negative recommendation.

Subd. 4. If federal money becomes available to the state for expenditure while the legislature is not in session, and the availability of money from that source or for that purpose or in that fiscal year could not reasonably have been anticipated and included in the governor's budget request, and an urgency requires that all or a portion of the money be allotted before the legislature reconvenes, the amount of money subject to the urgency may be allotted to a state agency after it has submitted to the legislative advisory commission a request in the manner of a budget request and has received the commission's recommendation on it. Failure

or refusal of the commission to make a recommendation within 30 days is deemed a negative recommendation.

Sec. 15. [161.52] [FEDERAL-STATE RESEARCH ACCOUNT.] *Money appropriated to the federal-state research account may be used to advance state money for approved federal research projects that will be reimbursed in full with non-state money. The commissioner may receive money from state or local governmental agencies to be used for these projects. All reimbursements shall be deposited in the state treasury and are appropriated to this account to be available until the end of the fiscal biennium during which they are received.*

Sec. 16. Minnesota Statutes 1978, Section 174.23, Subdivision 2, is amended to read:

Subd. 2. [FINANCIAL ASSISTANCE.] The commissioner shall seek out and select eligible recipients of financial assistance under sections 174.21 to 174.27. The commissioner shall establish by rule the procedures and standards for review and approval of applications for financial assistance submitted to the commissioner pursuant to sections 174.21 to 174.27. Any applicant shall provide to the commissioner any financial or other information required by the commissioner to carry out his duties. The commissioner may require local contributions from applicants as a condition for receiving financial assistance. *Before the commissioner shall not approve approves any grant unless: (1) the application for the grant has been shall be reviewed and approved by the appropriate regional development commission or the metropolitan council only for consistency with regional transportation plans and development guides ; and (2) in the case of a project to be operated in the metropolitan area. If an applicant proposes a project within the jurisdiction of any transit authority or commission or any transit system assisted or operated by a city or county the application has been shall also be reviewed by the metropolitan transit that commission , authority or political subdivision for consistency with its transportation development program transit programs, policies and plans. Any regional development commission that has not adopted a transportation plan may review but may not approve or disapprove of any application.*

Sec. 17. Minnesota Statutes 1978, Section 174.24, Subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY; APPLICATIONS.] Any legislatively established public transit commission or authority, any county or statutory or home rule charter city providing financial assistance to or operating public transit, any private operator of regular ~~route~~ public transit, or any combination thereof is eligible to receive financial assistance through the public transit subsidy program.

Sec. 18. Minnesota Statutes 1978, Section 174.24, Subdivision 3, is amended to read:

Subd. 3. [FINANCIAL ASSISTANCE.] Payment of financial assistance shall be by contract between the commissioner and an eligible recipient. The commissioner shall determine the operating

deficit of any public transit system receiving or applying for assistance in accordance with generally accepted accounting principles, provided that any financial assistance received from any agency of the federal government for the operation of a public transit system shall be treated as revenue for the purposes of determining the operating deficit. *To be eligible for financial assistance an applicant or recipient shall provide to the commissioner all financial records and other information and shall permit any inspection reasonably necessary to determine the amount of assistance which may be paid to the applicant or recipient.* Where more than one county or municipality contributes assistance to the operation of a public transit system the commissioner shall identify one as lead agency for the purpose of receiving moneys under this section. *The commissioner may adopt rules establishing performance standards for public transit systems for use in determining the amount of assistance which may be paid to an eligible recipient. Except as otherwise provided in this subdivision, payments shall not exceed two-thirds of the operating deficit of a public transit system ; except that . The commissioner shall adopt rules establishing uniform performance standards for private operators of regular route transit systems in the transit taxing district as defined in section 473.446, subdivision 2. Payments to eligible recipients who are those private operators in the transit taxing district defined in section 473.446, subdivision 2, may be up to shall be based on the uniform performance standards and shall not exceed 100 percent of the operating deficit. Payments to the metropolitan transit commission shall be based upon a performance funding system established by the commissioner or otherwise as provided by law in section 174.28 .*

Sec. 19. Minnesota Statutes 1978, Section 174.24, Subdivision 4, is amended to read:

Subd. 4. [SOCIAL FARE REIMBURSEMENT.] The commissioner shall reimburse the metropolitan transit commission and any private operators in the transit taxing district defined in section 473.446, subdivision 2 for the difference between the full fare otherwise charged by the commission or private operator and the fare actually charged for any regular route transit service passenger pursuant to the social fare provisions of section 473.408, subdivision 3. Reimbursement shall be paid ~~monthly~~ *bimonthly* upon a report by the commission or private operator of the number of reduced fare passengers carried ~~for during the preceding calendar month~~ *reimbursement period* in each reduced fare category and the total amount that otherwise would have been charged for the service by the commission or private operator on a full fare basis.

Sec. 20. Minnesota Statutes 1978, Chapter 174, is amended by adding a section to read:

[174.245] [PUBLIC TRANSIT CAPITAL GRANT ASSISTANCE PROGRAM.] *Subdivision 1. [ESTABLISHMENT; PURPOSE.] A public transit capital grant assistance program is established to aid eligible recipients to meet federal matching fund*

requirements for federal grants available for the purchase and major repair of transit vehicles.

Subd. 2. [ELIGIBILITY.] Any political subdivision, public transit authority or other public or private nonprofit agency that operates or provides financial assistance to a public transit system that is eligible to receive capital assistance grants under the Urban Mass Transportation Act of 1964, Public Law 88-365, as amended, except a public transit authority or commission that operates a public transit system in any city of the first class, is eligible to receive financial assistance through the public transit capital grant assistance program. Grants shall not exceed 50 percent of the local matching fund requirements. The commissioner shall establish by rule the procedures and standards for review and approval of applications for financial assistance and the criteria to be used in determining priorities in making the grants.

Sec. 21. Minnesota Statutes 1978, Section 174.25, Subdivision 1, is amended to read:

174.25 [PARATRANSIT GRANT PROGRAM.] Subdivision 1. [PURPOSE.] A paratransit service demonstration grant program is established to plan, promote, demonstrate, and evaluate the effectiveness, cost, and efficiency of provide grants for paratransit as a means of accomplishing projects designed to accomplish the following objectives:

(a) to provide transportation services in those areas inefficiently or inadequately served by regular route transit;

(b) to provide transportation services which improve the accessibility and productivity of regular route transit;

(c) to provide transportation services for persons who because of age or incapacity are unable to drive a private automobile or use existing modes of public transit.

Grants may be made for demonstration projects or for projects of a type that the commissioner has determined to be successful on the basis of demonstration projects already implemented and evaluated. Except as otherwise provided in this subdivision, grants for a paratransit project shall not exceed two-thirds of the operating deficit and 50 percent of any non-federal share of the capital costs. Grants for a demonstration project, other than grants to the metropolitan transit commission, shall not exceed 90 percent of the capital costs and operating deficit of the project. Grants to the metropolitan transit commission for any paratransit project may be up to 100 percent of the operating deficit but may not include any portion of the capital costs.

Sec. 22. Minnesota Statutes 1978, Section 174.26, Subdivision 1, is amended to read:

174.26 [REGULAR ROUTE TRANSIT IMPROVEMENT PROGRAM.] Subdivision 1. [PURPOSE.] A regular route transit demonstration improvement program is established to demonstrate new regular route transit services and provide temporary financial assistance for the operation of new regular routes for a period neces-

sary to determine the effectiveness and efficiency of the routes but not to exceed one year for any route. Grants may also be made under the program for projects designed to improve the patronage and productivity of existing regular route transit services.

Sec. 23. Minnesota Statutes 1978, Section 174.28, is amended to read:

174.28 [PERFORMANCE FUNDING.] Subdivision 1. [DEFINITIONS.] For the purpose of this section the following terms have the meanings given them in this subdivision.

(a) "Commissioner" means the commissioner of transportation.

(b) "Contract" means a contract made pursuant to section 174.24.

(c) "Subsidy per passenger" means the amount calculated pursuant to subdivision 3, clause (b) plus the amount paid under any contract pursuant to subdivision 2, divided by the number of passengers carried on regular route bus service operated by the commission during that year, excluding passengers carried on demonstration routes for which assistance is received pursuant to section 174.26 transfers.

(d) "Municipality" means any statutory or home rule charter city, county or town.

(e) "Route" means any route on which the commission operates regular route bus service.

(f) "Revenue attributable to the route" means the total of: (i) the fares actually paid on the route; (ii) amounts reimbursed social fare reimbursement paid pursuant to section 174.24, subdivision 4 attributable to service on the route; and (iii) all payments received by the commission from municipalities for retention of service on the route.

(g) "Route deficit" means the difference between the actual operating cost of any route and the revenue attributable to the route divided by the number of passengers carried on that route including transfers.

Subd. 2. [BASIS AND FORM OF CONTRACT.] Any contract entered into by the commissioner and the commission which provides financial assistance to the commission during any year subsequent to December 31, 1977, shall provide for payment to the commission of an amount which, when added to the amount calculated under subdivision 3, clause (b), and divided by the passengers carried during that period, will provide the commission with a 48 cent subsidy per passenger in calendar year 1978 and a 49 cent subsidy in the first half of 1979. In addition the commissioner shall provide assistance by contract with the commission for general administrative and planning expenses. Pursuant to the public transit subsidy program the commissioner shall enter one or more contracts with the commission to pay amounts sufficient to provide the commission with a subsidy per passenger of 45.9 cents in the last half of calendar year 1979, 46.6 cents in calendar year

1980, and 48.2 cents in the first half of calendar year 1981 and thereafter.

Subd. 3. [SUBSIDY PER PASSENGER.] (a) After the close of each month, the commission shall report to the commissioner the number of passengers carried during that month on regular route bus service operated by the commission. The commissioner shall use these figures reported by the commission in computing payments due under any contract entered into pursuant to this section. The commission shall make available to the commissioner any information required to permit the commissioner to carry out his duties under this section.

(b) The commissioner shall calculate the total amount of money received by the commission from all sources to pay the expenses of operating regular route bus service *including all planning and administration expenses of the commission* during the calendar year and shall include the following items in that amount:

(i) grants for operating assistance and transit planning received from the federal government pursuant to 49 U.S.C. 1604 ;

(ii) proceeds of any property tax levied by the commission under section 473.446, clause (a);

(iii) financial assistance received from political subdivisions, public agencies other than the department of transportation, or private entities or persons whether received as a grant, payment of a contractual obligation or otherwise. The commissioner shall exclude from that amount any revenue received by the commission ~~from in the form of regular route bus fares paid for regular route bus service and money paid by the commissioner to reimburse the commission for providing reduced , social fare service reimbursement pursuant to section 473.408 174.24, subdivision 4 or to permit the commission to operate and regular route demonstration services improvement grants pursuant to section 174.26.~~ The commissioner shall periodically examine the commission's data concerning the number of passengers carried on regular route bus service and the procedures for collecting that data.

Subd. 4. [PROCEDURE FOR BIMONTHLY PAYMENT.] Sums owed under any contract made pursuant to this section shall be paid ~~monthly~~ *bimonthly* in a manner determined by the commissioner consistent with subdivisions 1 to 3.

Subd. 5. [ROUTE DEFICIT LIMIT.] *The commission shall set a maximum route deficit limit which shall not be exceeded on any of its routes except a route that provides the only regular route bus service to a statutory or home rule charter city located within the transit taxing district as defined in section 473.446, subdivision 2. A route deficit limit set by the commission shall remain in effect for at least six months before a new limit may be set. The commission shall set a route deficit limit and implement that limit not later than January 1, 1980.*

Sec. 24. Minnesota Statutes 1978, Section 360.015, is amended by adding a subdivision to read:

Subd. 20. The commissioner may continue the air transportation revolving account within the trunk highway fund. The commissioner shall charge users of any air transportation services provided by the department for all direct and indirect operating costs, excluding salaries and initial cost of acquisition of aircraft. All receipts for these services shall be deposited in the air transportation revolving account and are appropriated to the commissioner to pay all direct and indirect air service operating expenses, excluding salaries.

Sec. 25. Minnesota Statutes 1978, Section 473.408, Subdivision 3, is amended to read:

Subd. 3. [SOCIAL FARES.] In off-peak hours the commission and other operators shall charge the following reduced fares for transit service:

(a) ~~ten~~ *twenty* cents plus any zone charges for all persons under the age of 18 holding an identification card issued by the commission;

(b) free fares for all persons 65 years of age and over holding a medicare card or other identification card authorized or approved by the commission; and

(c) not more than one-half of the full fare for all handicapped persons, as defined by the commission.

Sec. 26. Minnesota Statutes 1978, Section 473.408, is amended by adding subdivisions to read:

Subd. 6. [MONTHLY PASSES.] The commission shall offer monthly passes for regular route bus service for sale to the general public. The passes shall be offered at a discount at least as great as the discount provided on passes sold by the commission in January, 1979.

Subd. 7. [EMPLOYEE PLAN.] The commission shall offer monthly passes for regular route bus service for sale to employers at a special discount subject to the provisions of this subdivision. An employer is eligible to purchase passes at a special discount if the employer agrees to establish a payroll deduction plan as a means for its employees to purchase the passes at a price at or below the amount charged by the commission. The special discount on passes sold pursuant to this subdivision shall be two dollars on a single zone pass and a proportionate amount on other passes. The special discount is in addition to the discount provided on passes sold to the general public.

Sec. 27. Minnesota Statutes 1978, Section 473.411, Subdivision 1, is amended to read:

473.411 [TRANSPORTATION DEVELOPMENT PROGRAM.] Subdivision 1. [DEVELOPMENT PROGRAM.] The commission shall prepare and submit in the manner provided in

and satisfying the requirements of section 473.161, a transportation development program, providing for the implementation of the policy plan adopted by the council. In preparing the program, the commission shall consult with counties and municipalities in the metropolitan area, the state transportation department and the state planning agency, and for that purpose may create such advisory committees as may be necessary.

Such program shall provide for coordination of routes and operations of all publicly and privately owned transportation facilities within the transit area to the end that combined efficient and rapid transportation may be provided for the use of the public in the entire area. The commission may designate a segment of the system planned as a pilot or demonstration transportation project using, without limitation, new technology including airborne systems, or traditional systems of evolved or modern form. The transportation development program shall include the general alignment and profile, approximate points of access, facility classification, approximate cost, relation to other existing and planned transportation routes and facilities, and a statement of the expected general effect on present and future use of the property within the corridor. The program shall be accompanied with a statement of need for the proposed construction or improvement, a description of alternate routes which were considered, and an explanation of the advantages and disadvantages in the selection of any route considered. The transportation development program shall also contain a description of the type of right of way or routes required; the type of transit service to be provided in each portion of the system; designation of transit mode; and appropriate general operating criteria. The program shall also contain an operational improvement program which shall at least describe performance objectives and standards which the commission proposes to achieve in satisfying policies, purposes, and goals established by the legislature and the council; identify performance indicators by which to monitor and assess progress in achieving the objectives and standards; and establish a route deficit limit as provided in section 174.28, subdivision 5. The program may include such other information as the council or the commission deems necessary.

Sec. 28. Laws 1973, Chapter 567, Section 8, is amended to read:

Sec. 8. [APPROPRIATION FOR ACCESS ROADS.] *Subdivision 1.* In addition to any amounts deducted from the county state aid highway fund for access roads to state parks under Minnesota Statutes, Section 162.06, Subdivision 5, there is appropriated from the general fund in the state treasury to the county of Chisago for use in providing access roads to St. Croix Wild River state park the sum of \$200,000. *Chisago County state aid highway 12 from the junction with state trunk highway 95 to the junction with Chisago County state aid highway 16 is designated a nine ton road, and from there to the entrance to St. Croix Wild River state park it is designated a seven ton road. An amount equal to any portion of the \$200,000 that Chisago County has not spent or obligated by contract by December 31, 1980 to*

improve Chisago County state aid highway 12 from the junction with state highway 95 to the entrance to St. Croix Wild River state park shall be deducted from the 1981 county state aid apportionment to Chisago County and credited to the state park road account created by section 162.06, subdivision 5.

Subd. 2. In the event that the county of Chisago returns to the state treasury the amount appropriated by subdivision 1, or does not let a contract by December 31, 1980 to improve Chisago County state aid highway 12 from its junction with state trunk highway 95 to the entrance to St. Croix Wild River state park, the commissioner of transportation shall forthwith make surveys and prepare plans and specifications for the improvement of the portion of Chisago state aid highway 12 herein described in accordance with applicable state aid rules and engineering standards and let a contract for the improvement in the same manner as contracts are let for trunk highway improvements. The commissioner, in the name of the state, may acquire any additional rights-of-way necessary for the improvement by purchase or by proceedings instituted pursuant to Minnesota Statutes, Chapter 117. Upon completion of the improvement, rights-of-way acquired by the commissioner shall be conveyed to the county of Chisago for \$1. All costs incurred by the commissioner and the department of transportation in acquiring rights-of-way, in making surveys and preparing plans and specifications, in letting and supervising the contract for the improvement, and all obligations incurred under the contract shall be paid from funds appropriated in subdivision 3.

Subd. 3. There is appropriated to the commissioner of transportation from the state park road account a sum of money which, together with any available federal funds, is sufficient to pay all costs and obligations incurred by the commissioner and the department of transportation in carrying out the provisions of subdivision 2. This appropriation is subject to the occurrence of the events specified in subdivision 2, and subject to those occurrences is effective 30 days following return of the money to the state treasury or January 31, 1981, whichever occurs first, and shall remain available for expenditure until the improvement is completed.

Subd. 4. Nothing in this section shall be construed as revoking the designation of Chisago County state aid highway 12 as a county state aid highway. Upon completion of the improvement, Chisago County state aid highway 12 shall be maintained by Chisago County in the same manner as other county state aid highways.

Sec. 29. [EFFECTIVE DATE.] The preceding section is effective the day following final enactment.

Sec. 30. [TRAINING CENTER REVOLVING ACCOUNT.] The commissioner of transportation may establish a training center revolving account within the trunk highway fund. The commissioner shall charge users of the Arden Hills training center for their operating expense portion of the cost of providing the

training facility to the users. Operating expenses are defined as all salaries, supplies and expenses directly attributable to the operation or maintenance of the facility exclusive of capital improvement costs on depreciation of the original investment. User fees shall be established at the beginning of each fiscal year based on the estimated operating cost for that year and the estimated number of users. The user fees for any succeeding year shall be adjusted by the amount by which the previous year's actual costs differed from fees billed and collected. All receipts of these fees shall be deposited in the training center revolving account and are appropriated to the commissioner to pay the operating expenses of the training center."

Further, strike 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 for other purposes with certain conditions; providing for improvements to access roads to Stillwater state prison and Thistledeew corrections camp; providing for legislative review of requests to expend federal money; amending Minnesota Statutes 1978, Sections 3.30, Subdivision 2; 174.23, Subdivision 2; 174.24, Subdivisions 2, 3, and 4; 174.25, Subdivision 1; 174.26, Subdivision 1; 174.28; 360.015, by adding a subdivision; 473.08, Subdivision 3, and by adding subdivisions; 473.411, Subdivision 1; Chapter 3, by adding a section; and Chapter 174, by adding a section; and amending Laws 1973, Chapter 567, Section 8. "

And when so amended H. F. No. 1563 will be identical to S. F. No. 1540, and further recommends that H. F. No. 1563 be given its second reading and substituted for S. F. No. 1540, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1324 be amended as follows:

Page 2, delete lines 5 and 6, and insert

"(f) The federal bureau of investigation or any other federal agency; or

(g) The United States attorney's office when authorized or charged with investigation or prosecution of a case involving a fire loss."

Page 2, line 7, after "Relevant" insert "information or evidence"

Page 2, line 25, before "History" insert "A" and after "insured" insert a comma

Page 2, line 26, delete "and" and insert "including"

Page 2, line 27, before "history" insert "a"

Page 2, line 28, delete ". Also," and insert ", and "a"

Page 2, line 29, after "or" insert "partners or"

Page 3, line 10, after "of" delete "sections 1 to 6" and insert "this subdivision"

Page 3, line 13, after "of" delete "his own" and insert "official"

Page 3, delete lines 15 to 19

Page 3, line 20, after "Subd." delete "5" and insert "4"

Page 4, lines 2 and 3, delete "No person or agency" and insert "No insurance company or employee or officer thereof"

Page 4, line 5, delete "No person" and insert "No insurance company or employee or officer thereof"

And when so amended H. F. No. 1324 will be identical to S. F. No. 1484, and further recommends that H. F. No. 1324 be given its second reading and substituted for S. F. No. 1484, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 474, 471, 337, 1109, 1465, 664, 1280 and 1370 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1144, 1563 and 1324 were read the second time.

H. F. Nos. 317, 521 and 797 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Mr. Davies moved that the name of Mr. Sikorski be added as co-author to S. F. No. 623. The motion prevailed.

Mr. Luther moved that the name of Mr. Dunn be added as co-author to S. F. No. 1556. The motion prevailed.

CONFIRMATION

Mr. Stokowski, for Mr. Gearty, moved that the report from the Committee on Elections, reported May 9, 1979, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Stokowski moved that the foregoing report be now adopted. The motion prevailed.

Mr. Stokowski moved that in accordance with the report from the Committee on Elections, reported May 9, 1979, the Senate, having given its advice, do now consent to and confirm the appointment of:

STATE ETHICAL PRACTICES BOARD

Robyn Lee Hansen, 1735 Princeton Avenue, St. Paul, Ramsey County, effective April 26, 1979, for a term expiring the first Monday in January, 1983.

The motion prevailed. So the appointment was confirmed.

CONFIRMATION

Mr. Stokowski, for Mr. Gearty, moved that the report from the Committee on Elections, reported May 9, 1979, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Stokowski moved that the foregoing report be now adopted. The motion prevailed.

Mr. Stokowski moved that in accordance with the report from the Committee on Elections, reported May 9, 1979, the Senate, having given its advice, do now consent to and confirm the appointment of:

STATE ETHICAL PRACTICES BOARD

Karen J. Jensen, 1016 W. Burnsville Parkway, Burnsville, Dakota County, effective March 26, 1979, for a term expiring the first Monday in January, 1983.

Mr. Schaaf moved that the appointment be laid on the table.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 10 and nays 43, as follows:

Those who voted in the affirmative were:

Benedict	Johnson	Penny	Sikorski	Stumpf
Gunderson	Luther	Schaaf	Spear	Tennessee

Those who voted in the negative were:

Anderson	Engler	Knaak	Pillsbury	Stokowski
Ashbach	Frederick	Knoll	Purfeerst	Strand
Bang	Gearty	Laufenburger	Renneke	Ueland, A.
Bernhagen	Hughes	Lessard	Rued	Ulland, J.
Chmielewski	Humphrey	Menning	Schmitz	Vega
Coleman	Jensen	Merriam	Setzepfandt	Wegener
Davies	Keefe, J.	Nichols	Sillers	Willet
Dieterich	Keefe, S.	Olhoff	Solon	
Dunn	Kirchner	Peterson	Staples	

The motion did not prevail.

The question recurred on the motion of Mr. Stokowski.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 48 and nays 9, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Penny	Staples
Ashbach	Frederick	Knutson	Peterson	Stokowski
Bang	Gearty	Laufenburger	Pillsbury	Stumpf
Benedict	Hughes	Leesard	Purfeerst	Ueland, A.
Bernhagen	Humphrey	Menning	Renneke	Ulland, J.
Chmielewski	Jensen	Merriam	Rued	Vega
Coleman	Keefe, J.	Nichols	Schmitz	Wegener
Davies	Kirchner	Ogdahl	Setzepfandt	Willet
Dieterich	Kleinbaum	Olhoft	Sillers	
Dunn	Knaak	Olson	Solon	

Those who voted in the negative were:

Gunderson	Keefe, S.	Perpich	Sikorski	Tennessee
Johnson	Luther	Schaaf	Spear	

The motion prevailed. So the appointment was confirmed.

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

SPECIAL ORDER

H. F. No. 282: A bill for an act relating to game and fish; establishing a procedure for selection of applicants for licenses to take wild turkeys; providing a penalty; amending Minnesota Statutes 1978, Section 100.271.

Mr. Laufenburger moved to amend H. F. No. 282 as follows:

Page 1, line 21, strike "the" and insert "*40 acres or more of*"

The motion prevailed. So the amendment was adopted.

H. F. No. 282 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knaak	Olson	Spear
Ashbach	Gearty	Knutson	Peterson	Staples
Bang	Gunderson	Laufenburger	Pillsbury	Stokowski
Benedict	Hughes	Leesard	Purfeerst	Strand
Bernhagen	Humphrey	Luther	Renneke	Stumpf
Chmielewski	Jensen	McCutcheon	Schaaf	Tennessee
Coleman	Johnson	Menning	Schmitz	Ueland, A.
Davies	Keefe, J.	Merriam	Setzepfandt	Ulland, J.
Dieterich	Keefe, S.	Nelson	Sikorski	Vega
Dunn	Kirchner	Nichols	Sillers	Wegener
Engler	Kleinbaum	Olhoft	Solon	Willet

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

SPECIAL ORDER

S. F. No. 831: A bill for an act relating to the Hennepin county park reserve district; regulating tax levies; amending Laws 1967, Chapter 721, Section 2, as amended.

Mrs. Staples moved to amend S. F. No. 831 as follows:

Page 2, after line 22, insert

"Sec. 2. Minnesota Statutes 1978, Section 116D.04, Subdivision 3, is amended to read:

Subd. 3. Upon the filing with the board of a petition of not less than 500 persons requesting an environmental impact statement on a particular action, the board shall review those petitions deemed by the board to involve potential for significant environmental effects or to concern an action of more than local significance and, where there is material evidence of the need for an environmental review, require the preparation of an environmental impact statement in accordance with provisions of this section.

The board shall make a decision on a petition filed pursuant to this subdivision by a majority vote of the board.

Sec. 3. [REQUEST FOR RECONSIDERATION.] *Any person who filed a petition under Minnesota Statutes, Section 116D.04, Subdivision 3, with respect to which the environmental quality board, prior to the effective date of this act, decided by less than a majority vote of the board not to require preparation of an environmental impact statement, may file a written request to the board to reconsider its decision and to make a final decision in compliance with section 3. A request pursuant to this section shall be filed with the board not later than 30 days after the effective date of this act. Upon receipt of a request pursuant to this section, the board shall reconsider its decision and make a final decision concerning the petition in compliance with section 3. No construction shall commence on an action which was the subject of such a petition until after the time for filing a request pursuant to this section has expired or, if a request has been filed within that time, until the board makes a final decision in compliance with section 3.*

Sec. 4. [EFFECTIVE DATE.] *The provisions of sections 3 and 4 are effective the day following final enactment."*

Amend the title as follows:

Page 1, line 3, before "amending" insert "reaffirming the requirement that the environmental quality board make its decisions by a majority vote; permitting certain requests for reconsideration of board decisions;"

Page 1, line 4, before the period, insert "; and Minnesota Statutes 1978, Section 116D.04, Subdivision 3"

The motion prevailed. So the amendment was adopted.

S. F. No. 831: A bill for an act relating to the Hennepin county park reserve district; regulating tax levies; reaffirming the requirement that the environmental quality board make its decisions by a majority vote; permitting certain requests for reconsideration of

board decisions; amending Laws 1967, Chapter 721, Section 2, as amended and Minnesota Statutes 1978, Section 116D.04, Subdivision 3.

Was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 48 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	McCutcheon	Peterson	Staples
Ashbach	Humphrey	Menning	Purfeerst	Strand
Bernhagen	Jensen	Merriam	Reanneke	Stumpf
Chmielewski	Johnson	Nelson	Schaaf	Tennessee
Davies	Keefe, S.	Nichols	Schmitz	Ueland, A.
Dieterich	Kirchner	Ogdahl	Setzepfandt	Ulland, J.
Dunn	Knaak	Olhoff	Sikorski	Vega
Engler	Knoll	Olson	Sillers	Wegener
Frederick	Laufenburger	Penny	Solon	
Gearty	Luther	Perpich	Spear	

Those who voted in the negative were:

Benedict	Lessard	Pillsbury	Stokowski	Willet
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So the bill, as amended, passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 623: A bill for an act relating to insurance; removing certain licensing and regulatory controls from appraisers; amending Minnesota Statutes 1978, Sections 72B.01; 72B.03; 72B.04, Subdivisions 1, 2, 5, and 7; 72B.08, Subdivision 1; and 72B.10; repealing Minnesota Statutes 1978, Section 72B.02, Subdivisions 9 and 10.

Mr. Sikorski moved to amend S. F. No. 623 as follows:

Page 8, line 27, delete "*Subdivisions 9 and*" and insert "*Subdivision*"

Page 8, line 27, delete "*are*" and insert "*is*"

Amend the title as follows:

Page 1, line 7, delete "*Subdivisions 9 and*" and insert "*Subdivision*"

The motion prevailed. So the amendment was adopted.

S. F. No. 623: A bill for an act relating to insurance; removing certain licensing and regulatory controls from appraisers; amending Minnesota Statutes 1978, Sections 72B.01; 72B.03; 72B.04, Subdivisions 1, 2, 5, and 7; 72B.08, Subdivision 1; and 72B.10; repealing Minnesota Statutes 1978, Section 72B.02, Subdivision 10.

Was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Luther	Pillsbury	Strand
Ashbach	Hughes	McCutcheon	Purfeerst	Stumpf
Benedict	Humphrey	Menning	Renneke	Tennessee
Bernhagen	Jensen	Merriam	Rued	Ulland, J.
Chmielewski	Johnson	Nelson	Schaaf	Vega
Davies	Keefe, J.	Nichols	Schmitz	Wegener
Dieterich	Keefe, S.	Olhoft	Setzepfandt	Willet
Dunn	Kirchner	Olson	Sikorski	
Engler	Knaak	Penny	Spear	
Frederick	Knoll	Perpich	Staples	
Gearty	Lessard	Peterson	Stokowski	

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

SPECIAL ORDER

S. F. No. 1327: A bill for an act relating to commerce; making a variety of changes in the administrative duties of the department of commerce; setting a time limit on requests for hearings on orders denying, revoking or suspending franchises; eliminating certain real estate license examination requirements; transferring and amending certain administrative powers relating to collection agencies; amending Minnesota Statutes 1978, Sections 80C.12, Subdivision 2; 82.21, Subdivision 1; 82.22, Subdivision 1; 332.311; 332.43, Subdivision 1; repealing Minnesota Statutes 1978, Sections 332.31, Subdivisions 4 and 5; and 332.43, Subdivisions 2 and 3.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Humphrey	McCutcheon	Pillsbury	Stokowski
Benedict	Jensen	Menning	Purfeerst	Strand
Bernhagen	Johnson	Merriam	Renneke	Stumpf
Chmielewski	Keefe, J.	Nelson	Rued	Tennessee
Davies	Keefe, S.	Nichols	Schaaf	Ueland, A.
Dieterich	Kirchner	Ogdahl	Schmitz	Ulland, J.
Dunn	Knaak	Olhoft	Setzepfandt	Vega
Engler	Knoll	Olson	Sikorski	Wegener
Gearty	Laufenburger	Penny	Solon	Willet
Gunderson	Lessard	Perpich	Spear	
Hughes	Luther	Peterson	Staples	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 334: A bill for an act relating to education; requiring the expungement of certain material from the files of certain supervisory employees; amending Minnesota Statutes 1978, Sections 125.12, Subdivision 14 and 125.17, Subdivision 12.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Lessard	Pillabury	Strand
Benedict	Humphrey	Luther	Purfeerst	Stumpf
Bernhagen	Jensen	Menning	Renneke	Tennessee
Chenoweth	Johnson	Merriam	Rued	Ueland, A.
Chmielewski	Keefe, J.	Nelson	Schaaf	Ulland, J.
Davies	Keefe, S.	Nichols	Schmitz	Vega
Dieterich	Kirchner	Ogdahl	Setzepfandt	Wegener
Dunn	Knaak	Olhoft	Sikorski	Willet
Engler	Knoll	Olson	Solon	
Gearty	Knutson	Penny	Spear	
Gunderson	Laufenburger	Perpich	Stokowski	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 1310: A bill for an act relating to children; requiring reports of neglect and sexual abuse of children; amending Minnesota Statutes 1978, Section 626.556, Subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Johnson	Menning	Schaaf	Tennessee
Bernhagen	Keefe, J.	Nelson	Schmitz	Ueland, A.
Chmielewski	Keefe, S.	Nichols	Setzepfandt	Ulland, J.
Davies	Kirchner	Ogdahl	Sikorski	Vega
Dieterich	Kleinbaum	Olhoft	Sillers	Wegener
Engler	Knaak	Olson	Solon	Willet
Gunderson	Knutson	Penny	Spear	
Hughes	Laufenburger	Purfeerst	Stokowski	
Humphrey	Luther	Renneke	Strand	
Jensen	McCutcheon	Rued	Stumpf	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 680: A bill for an act relating to motor vehicles; defining "fertilizer applicator"; including fertilizer applicators in the definition of implement of husbandry; setting maximum width and braking and lighting requirements for fertilizer applicators; directing the commissioner of transportation to adopt rules providing maximum weights and other safety standards and to adopt a temporary policy on fertilizer applicator operation; providing penalties; amending Minnesota Statutes 1978, Sections 168.012, Subdivision 2; 169.01, Subdivision 55, and by adding a subdivision; and Chapter 169, by adding a section.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 45 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Jensen	Lessard	Penny	Stokowski
Chmielewski	Johnson	Luther	Perpich	Strand
Davies	Keefe, J.	McCutcheon	Purfeerst	Stumpf
Dieterich	Keefe, S.	Menning	Renneke	Tennessee
Engler	Kleinbaum	Nelson	Schaaf	Ueland, A.
Gearty	Knaak	Nichols	Schmitz	Ulland, J.
Gunderson	Knoll	Ogdahl	Sikoraki	Vega
Hughes	Knutson	Olhoff	Sillers	Wegener
Humphrey	Laufenburger	Olson	Solon	Willet

Mr. Rued voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 988: A bill for an act relating to natural resources; eliminating the requirement for a wild rice processor's license; amending Minnesota Statutes 1978, Section 98.46, Subdivision 18.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Humphrey	Luther	Purfeerst	Stokowski
Benedict	Jensen	McCutcheon	Renneke	Strand
Bernhagen	Johnson	Menning	Rued	Stumpf
Chmielewski	Keefe, J.	Nelson	Schaaf	Tennessee
Davies	Keefe, S.	Nichols	Schmitz	Ueland, A.
Dieterich	Kleinbaum	Ogdahl	Setzepfandt	Ulland, J.
Engler	Knaak	Olhoff	Sikoraki	Vega
Frederick	Knoll	Olson	Sillers	Wegener
Gearty	Knutson	Penny	Solon	Willet
Gunderson	Laufenburger	Perpich	Spear	
Hughes	Lessard	Pillsbury	Staples	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 932: A bill for an act relating to taxation; deleting requirement of vendor's verification of claim for refund of sales tax paid on electricity used for agricultural purposes; amending Minnesota Statutes 1978, Section 290.501.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Lessard	Purfeerst	Staples
Benedict	Humphrey	Luther	Renneke	Stokowski
Bernhagen	Jensen	Menning	Rued	Strand
Chmielewski	Johnson	Nelson	Schaaf	Stumpf
Davies	Keefe, J.	Nichols	Schmitz	Tennessee
Dieterich	Keefe, S.	Olhoft	Setzepfandt	Ueland, A.
Engler	Kleinbaum	Olson	Sikorski	Ulland, J.
Frederick	Knaak	Penny	Sillers	Vega
Gearty	Knoll	Perpich	Solon	Wegener
Gunderson	Laufenburger	Pillsbury	Spear	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 1176: A bill for an act relating to taxation; allowing use of lump sum distribution tax computation upon receipt of severance pay in certain instances; amending Minnesota Statutes 1978, Section 290.032, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Lessard	Perpich	Staples
Benedict	Humphrey	Luther	Pillsbury	Stokowski
Bernhagen	Jensen	McCutcheon	Purfeerst	Strand
Chmielewski	Johnson	Menning	Renneke	Stumpf
Davies	Keefe, J.	Merriam	Rued	Tennessee
Dieterich	Kirchner	Nelson	Schaaf	Ueland, A.
Engler	Kleinbaum	Nichols	Schmitz	Ulland, J.
Frederick	Knaak	Ogdahl	Setzepfandt	Vega
Gearty	Knoll	Olhoft	Sikorski	Wegener
Gunderson	Laufenburger	Penny	Spear	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 426: A bill for an act relating to taxation; providing that the reduced property tax classification for homesteads of disabled veterans be continued for their surviving spouses; extending the 3cc classification to property of persons receiving disability benefits from political subdivisions; amending Minnesota Statutes 1978, Section 273.13, Subdivision 7.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Dunn	Gearty	Humphrey
Benedict	Davies	Engler	Gunderson	Jensen
Bernhagen	Dieterich	Frederick	Hughes	Johnson

Keefe, J.	McCutcheon	Penny	Setzepfandt	Ueland, A.
Kirchner	Menning	Perpich	Sikorski	Ulland, J.
Kleinbaum	Merriam	Pillsbury	Spear	Vega
Knaak	Nelson	Purfeerst	Staples	Wegener
Knoll	Nichols	Renneke	Stokowski	Willet
Laufenburger	Ogdahl	Rued	Strand	
Lessard	Olhoft	Schaaf	Stumpf	
Luther	Olson	Schmitz	Tennessee	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 216: A bill for an act relating to taxation; property tax; extending class 3cc to homesteads of persons receiving private disability pensions; amending Minnesota Statutes 1978, Section 273.13, Subdivision 7.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Laufenburger	Penny	Staples
Benedict	Hughes	Lessard	Perpich	Stokowski
Bernhagen	Humphrey	Luther	Pillsbury	Strand
Chmielewski	Jensen	McCutcheon	Purfeerst	Stumpf
Davies	Johnson	Menning	Renneke	Tennessee
Dieterich	Keefe, J.	Merriam	Schaaf	Ueland, A.
Dunn	Kirchner	Nelson	Schmitz	Ulland, J.
Engler	Kleinbaum	Nichols	Setzepfandt	Vega
Frederick	Knaak	Olhoft	Sikorski	Wegener
Gearty	Knoll	Olson	Spear	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 261: A bill for an act relating to municipal industrial development; amending the definition of project; requiring a notice and hearing; amending Minnesota Statutes 1978, Sections 474.01, Subdivision 7a, and by adding a subdivision; 474.02, Subdivision 1c, and by adding a subdivision; and 474.12.

Mr. Humphrey moved to amend H. F. No. 261, as amended pursuant to Rule 49, adopted by the Senate May 3, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 859.)

Delete everything after the enacting clause and insert:

"Section 1. [462C.01] [AUTHORIZATION.] *Subdivision 1. A statutory or home rule charter city may develop and administer programs of making or purchasing mortgage loans to finance the acquisition of single family housing by low and moderate income*

persons and families anywhere within its boundaries upon the following conditions:

(a) The city develops a housing plan as required by section 2;

(b) A public hearing is held thereon after one publication of notice in a newspaper circulating generally in the city, at least 30 days before the hearing, after which the plan may be adopted by resolution of the governing body with or without amendment; and

(c) The plan is submitted to and approved by the Minnesota housing finance agency.

Subd. 2. "Single family housing" in sections 1 to 6 means real property and improvements thereon or an apartment as described in chapter 515 or any amendatory or supplemental law, which is owned or to be owned and occupied by one person or family as a residence.

Sec. 2. [462C.02] [CITY HOUSING PLAN.] Subdivision 1. The housing plan shall set forth:

(a) The housing needs of the city and the data demonstrating those needs;

(b) The plan of the city to meet identified housing needs, and the specific methods to be used to carry out the plan;

(c) Target areas of the city for each method;

(d) The financing program or programs to be included in the plan;

(e) The number and qualifications of lenders eligible to participate in the program;

(f) The estimated amount of mortgage loans to be made or purchased in each program and the estimated amounts and timing of the sale of revenue bonds required to finance such loans, fund appropriate reserves, and pay costs of issuance;

(g) Methods for monitoring the implementation by participants to insure that the programs will be consistent with the plan and its objectives;

(h) The administrative capacity of the city to monitor and supervise housing finance programs;

(i) The cost to the city, including administrative costs; and

(j) An analysis of how the programs will meet the needs of low and moderate income families in the city.

Subd. 2. For each program limits on gross income for persons and families to be served shall be established. The moderate income limit may not exceed 110 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, as the case may be, in which the city is located; except that if a city proposes special target areas in which redevelopment requires reestablishment of a proper

balance of income levels among residents or target areas with a high concentration of incomes below the HUD median, loans with higher income limits or no limits may be proposed for such an area, provided that the total amount of such loans shall not exceed 20 percent of the aggregate amount of all loans in all programs included in the plan. The Minnesota housing finance agency shall provide the relevant income data to any city requesting the data.

Subd. 3. The plan shall establish maximum purchase prices or appraised values for homes eligible for mortgage loans in each program. The maximum price allowable shall not exceed three times the median family income established for any area served except for special target areas as provided in subdivision 2. The maximum purchase price for special target areas shall be three times the income limit, if any, established for the area.

Subd. 4. Any financial institution as defined in section 47.0151, doing business within the city which is an approved FHA/VA or FNMA/FHLMC lender shall be eligible for consideration for origination of loans in any city housing finance program. Other lenders may be eligible as provided in the program. Origination of loans in the program may not be limited to a single lender unless other eligible lenders are not interested in participating or the program clearly sets forth why a public purpose would be served by confining participation to one lender.

Subd. 5. Financing under a single family housing bond issue may not be provided to a developer or builder or restricted to housing provided by one developer or builder.

Sec. 3. [462C.03] [PLAN REVIEW.] Upon receiving a city's housing plan, the Minnesota housing finance agency shall determine whether the plan appears to:

- (a) Further local, regional and statewide housing policies;
- (b) Be capable of implementation without material adverse effect on financing programs of the agency, and without exceeding the limitation provided in section 5;
- (c) Provide for administrative and bond issuance costs which are reasonable;
- (d) Meet adequately the stated housing needs of the city; and
- (e) Comply with all other requirements of sections 1 to 6.

Sec. 4. [462C.04] [MULTIFAMILY HOUSING DEVELOPMENTS.] Subdivision 1. A statutory or home rule charter city may also plan, administer, and make a loan or loans to finance one or more multifamily housing developments within its boundaries, of the kinds and upon the conditions set forth in this section. A multifamily housing development is an apartment house or a group of townhouses which include four or more dwelling units, each to be rented or sold to a person or family for use as a residence. A loan may be made for the acquisition and preparation of a site and the construction of a new development, or for the

acquisition of an existing building and site and the rehabilitation thereof, provided that:

(a) The cost of rehabilitation of an existing building is estimated to equal at least \$5,000 per dwelling unit or 50 percent of the appraised value of the original building and site, whichever is less;

(b) At least a substantial portion of such rehabilitation cost is estimated to be incurred for compliance with building codes or conservation of energy;

(c) Each development upon completion shall comply with all applicable code requirements;

(d) A loan or loans may be made for either the construction or the long term financing of a development, or both, including the financing of the acquisition of dwelling units and interests in common facilities provided therein, by persons to whom such units and facilities may be sold as contemplated in chapter 515 or any supplemental or amendatory law thereof; and

(e) Substantially all of the proceeds of each loan shall be used to pay the cost of a multifamily housing development, including property functionally related and subordinate to it; but nothing herein prevents the construction of the development over, under, or adjacent to, and in conjunction with facilities to be used for purposes other than housing.

Subd. 2. A development may be designed for occupancy by persons and families of low or moderate income, and by other persons and families to the extent determined to be necessary in furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, with housing assistance payments for the benefit of the renters of at least 10 percent of the dwelling units under section 8 of the United States Housing Act of 1937, as amended, or another amendatory or supplemental law of the United States.

Subd. 3. A development may be located within a redevelopment project area established pursuant to chapter 462 or within a development district established pursuant to chapter 472A or within an industrial development district established pursuant to section 458.191 without regard to the limitations and conditions set forth in subdivision 2.

Subd. 4. A development may be designed for rental primarily to elderly or handicapped persons without regard to the limitations and conditions set forth in subdivision 2.

Subd. 5. Each plan for a multifamily housing development or developments described in subdivision 1 shall be adopted after public hearing and approved by the agency as provided in section 1, on the basis of the considerations stated in section 3.

Subd. 6. The plan shall demonstrate need for the development or developments, describe the method of financing proposed, state whether the development is to be constructed pursuant to subdi-

vision 2, 3, or 4, and state the applicable limitations on gross income, if any, of the occupants.

Sec. 5. [462C.05] [HOUSING REVENUE BONDS.] *Subdivision 1. To finance programs or developments described in any plan the city council may, upon approval of the plan as provided in section 1, subdivision 1, clause (c), issue and sell revenue bonds or obligations which shall be payable exclusively from the revenues of the programs or developments. In the purchase or making of single family housing loans and the making of multifamily housing loans and the issuance of revenue bonds or other obligations the city may exercise or authorize an existing agency or one created by ordinance to exercise, within the corporate limits of the city, any of the powers the Minnesota housing finance agency may exercise under chapter 462A.*

Subd. 2. The aggregate principal amount of revenue bonds or other obligations issued by a city pursuant to this section shall not exceed an amount equal to \$1,000 times its population on the effective date of this section until otherwise provided by law. Its population shall be determined by the last state or federal census, or by the last official estimate of the metropolitan council, for a city in the metropolitan area, whichever is most recent.

Sec. 6. [462C.06] [OTHER HOUSING LEGISLATION.] *Sections 1 to 6 do not impair or otherwise affect the validity or provisions for the security of any obligations issued or agreements made pursuant to law before the effective date of these sections. Sections 1 to 6 do not preclude or affect or limit the institution or financing or character of a housing program, project or development permitted for any city by any special law in effect on the effective date of these sections, except that no such city or agency thereof may issue obligations after January 1, 1980, for the purpose of financing a housing program or development of any kind referred to in sections 1 and 4, unless its plan therefor has previously been reviewed and approved by the agency, and all such obligations issued by them after January 1, 1980, shall be subject to the limitations set forth in section 5, subdivision 2.*

Sec. 7. Minnesota Statutes 1978, Section 474.01, Subdivision 7a, is amended to read:

Subd. 7a. No municipality or redevelopment agency shall undertake any project authorized by this chapter unless its governing body finds that the project furthers the purposes stated in this section, nor until the commissioner of securities has approved the project, on the basis of preliminary information which the commissioner may require, as tending to further the purposes and policies of this chapter. Approval shall not be deemed to be an approval by the commissioner of securities or the state of the feasibility of the project or the terms of the revenue agreement to be executed or the bonds to be issued therefor, and the commissioner shall state this in communicating approval.

Sec. 8. Minnesota Statutes 1978, Section 474.01, is amended by adding a subdivision to read:

Subd. 7b. Prior to submitting an application to the commissioner of securities requesting approval of a project pursuant to subdivision 7a, the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than 15 days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the commissioner of securities, together with all attachments and exhibits thereto, shall be available for public inspection following the publication of such notice and shall specify the place and times where and when it will be so available. At the time and place fixed for the public hearing, the governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution determining whether or not to proceed with the project and its financing and may thereafter apply to the commissioner of securities for approval of the project.

Sec. 9. Minnesota Statutes 1978, Section 474.02, is amended by adding a subdivision to read:

Subd. 1d. Notwithstanding any provision of this chapter, the term "project" shall not include any property to be sold or to be affixed to or consumed in the production of property for sale, and shall not include any housing facility to be rented or used as a permanent residence.

Sec. 10. [EFFECTIVE DATE.] *This act is effective the day following final enactment. Sections 7 and 8 do not apply to a project which has been given preliminary approval by the governing body of a municipality or redevelopment agency before the effective date. Section 9 does not apply to multifamily rental projects approved by the commissioner of securities or by a redevelopment agency prior to April 15, 1979.*"

The motion prevailed. So the amendment was adopted.

CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on H. F. No. 261. The following Senators answered to their names:

Anderson	Chmielewski	Hughes	Kleinbaum	Luther
Bang	Davies	Humphrey	Knaak	Menning
Benedict	Dunn	Jensen	Knoll	Merriam
Bernhagen	Engler	Keefe, J.	Knutson	Nelson
Braiaas	Gunderson	Keefe, S.	Laufenburger	Ogdahl
Chenoweth	Hanson	Kirchner	Lessard	Olhoft

Penny	Schaaf	Solon	Stumpf	Wegener
Peterson	Schmitz	Spear	Tennessee	
Purfeerst	Setzepfandt	Staples	Ueland, A.	
Renneke	Sieloff	Stokowski	Ulland, J.	
Rued	Sikorski	Strand	Vega	

The Sergeant at Arms was instructed to bring in the absent members.

Mr. Humphrey moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 4, line 8, after the comma insert "*without subjecting the interest on future bonds of the agency to federal income tax under any limitations imposed at the time by federal law.*"

The motion prevailed. So the amendment was adopted.

Mr. Merriam moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 9, line 14 of the Humphrey amendment, delete "*multi-family rental*"

Page 9, after line 16 of the Humphrey amendment, insert "*No bond issue is validated by this act.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 36, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Knaak	Pillsbury	Sillers
Bang	Engler	Merriam	Schmitz	Strand
Bernhagen	Johnson	Penny	Setzepfandt	Tennessee
Brataas	Keefe, J.	Peterson	Sieloff	

Those who voted in the negative were:

Anderson	Gunderson	Knutson	Perpich	Stumpf
Benedict	Hanson	Laufenburger	Purfeerst	Vega
Chenoweth	Hughes	Lessard	Rued	Wegener
Chmielewski	Humphrey	Luther	Schaaf	Willet
Davies	Keefe, S.	Menning	Sikorski	
Dieterich	Kirchner	Nelson	Solon	
Frederick	Kleinbaum	Ogdahl	Spear	
Gearty	Knoll	Olhoft	Staples	

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

Mr. Ogdahl moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 7, line 2, before the period, insert "*, but not to exceed \$150,000,000*"

The motion prevailed. So the amendment to the Humphrey amendment was adopted.

Mr. Ogdahl then moved to amend the Humphrey amendment to H. F. No. 261 as follows:

Page 9, after line 8, insert:

"Sec. 10. Minnesota Statutes 1978, Section 474.03, is amended to read:

474.03 [POWERS.] Any municipality or redevelopment agency, in addition to the powers prescribed elsewhere by the laws of this state, shall have the power to:

(1) Acquire, construct, and hold any lands, buildings, easements, water and air rights, improvements to lands and buildings, and capital equipment to be located permanently or used exclusively on a designated site and solid waste disposal and pollution control equipment, regardless of where located, which are deemed necessary in connection with a project to be situated within the state, whether wholly or partially within or without the municipality or redevelopment agency, and construct, reconstruct, improve, better, and extend such project;

(2) Issue revenue bonds, in anticipation of the collection of revenues of such project, to finance, in whole or in part, the cost of the acquisition, construction, reconstruction, improvement, betterment, or extension thereof;

(3) Issue revenue bonds to pay, *purchase or discharge* all or any part of the outstanding indebtedness of a contracting party engaged primarily in the operation of one or more nonprofit hospitals or nursing homes, theretofore incurred in the acquisition or betterment of its existing hospital or nursing home facilities, including, to the extent deemed necessary by the governing body of the municipality or redevelopment agency, any unpaid interest on such indebtedness accrued or to accrue to the date on which such indebtedness is finally paid; *and any premium the governing body of the municipality or redevelopment agency determines to be necessary to be paid to pay, purchase or defease such outstanding indebtedness*; if revenue bonds are issued for this purpose, the refinancing and the existing properties of the contracting party shall be deemed to constitute a project under section 474.02, subdivision 1c. Industrial revenue bonds shall only be available under this provision if the commissioner of securities has been shown that a reduction in debt service charges to patients and third party payors will occur. All reductions in debt service charges pursuant to this program shall be passed on to patients and third party payors. These industrial revenue bonds may not be used for any purpose not consistent with the provisions of sections 145.71 to 145.83 or chapter 256B;

Nothing in this subdivision is intended to prohibit the use of revenue bond proceeds to pay outstanding indebtedness of a contracting party to the extent now permitted by law;

(4) Enter into a revenue agreement with any person, firm, or public or private corporation or federal or state governmental subdivision or agency in such manner that payments required thereby to be made by the contracting party shall be fixed, and revised from time to time as necessary, so as to produce income and revenue sufficient to provide for the prompt payment of

principal of and interest on all bonds issued hereunder when due, and the revenue agreement shall also provide that the contracting party shall be required to pay all expenses of the operation and maintenance of the project including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the project and payable during the term of the revenue agreement, during which term a tax shall be imposed and collected pursuant to the provisions of section 272.01, subdivision 2, for the privilege of using and possessing the project, in the same amount and to the same extent as though the contracting party were the owner of all real and personal property comprising the project;

(5) Pledge and assign to the holders of such bonds or a trustee therefor all or any part of the revenues of one or more projects and define and segregate such revenues or provide for the payment thereof to a trustee, whether or not such trustee is in possession of the project under a mortgage or otherwise;

(6) Mortgage or otherwise encumber such projects in favor of the municipality or redevelopment agency, the holders of such bonds, or a trustee therefor, provided that in creating any such mortgages or encumbrances a municipality or redevelopment agency shall not have the power to obligate itself except with respect to the project;

(7) Make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of the powers herein granted, or in the performance of its covenants or duties, or in order to secure the payment of its bonds; including, but without limitation, a contract entered into prior to the construction of the project authorizing the contracting party, subject to such terms and conditions as the municipality or redevelopment agency shall find necessary or desirable and proper, to provide for the construction, acquisition, and installation of the buildings, improvements, and equipment to be included in the project by any means available to the contracting party and in the manner determined by the contracting party and without advertisement for bids as may be required for the construction or acquisition of other municipal facilities;

(8) Enter into and perform such contracts and agreements with other municipalities, political subdivisions, and state agencies, authorities, and institutions as the respective governing bodies of the same may deem proper and feasible for or concerning the planning, construction, lease, purchase, mortgaging or other acquisition, and the financing of a project, and the maintenance thereof, including an agreement whereby one municipality issues its revenue bonds in behalf of one or more other municipalities, which contracts and agreements may establish a board, commission, or such other body as may be deemed proper for the supervision and general management of the facilities of the project; provided, no municipality or redevelopment agency shall enter into or perform any contract or agreement with any school

district under which the municipality or redevelopment agency issues its revenue bonds or otherwise provides for the construction of school facilities and the school leases or otherwise acquires these facilities;

(9) Accept from any authorized agency of the federal government loans or grants for the planning, construction, acquisition, leasing, purchase, or other provision of any project, and enter into agreements with such agency respecting such loans or grants;

(10) Sell and convey all properties acquired in connection with such projects, including without limitation the sale and conveyance thereof subject to such mortgage as herein provided, and the sale and conveyance thereof under an option granted to the lessee of the project, for such price, and at such time as the governing body of the municipality or redevelopment agency may determine, provided, however, that no sale or conveyance of such properties shall ever be made in such manner as to impair the rights or interests of the holder, or holders, of any bonds issued under the authority of this chapter;

(11) Issue revenue bonds to refund, in whole or in part, bonds previously issued by such municipality or redevelopment agency under authority of this chapter;

(12) If so provided in the revenue agreement, terminate the agreement and re-enter or repossess the project upon the default of the contracting party, and operate, lease, or sell the project in such manner as may be authorized or required by the provisions of the revenue agreement or of the resolution or indenture securing the bonds issued for the project; any revenue agreement which includes provision for a conveyance of real estate to the contracting party may be terminated in accordance with the revenue agreement, notwithstanding that such revenue agreement may constitute an equitable mortgage provided that no municipality or redevelopment agency shall have power otherwise to operate any project referred to in this chapter as a business or in any manner whatsoever, and nothing herein authorizes any municipality or redevelopment agency to expend any funds on any project herein described, other than the revenues of such projects, or the proceeds of revenue bonds and notes issued hereunder, or other funds granted to the municipality or redevelopment agency for the purposes herein contemplated, except as may be otherwise permitted by law and except to enforce any right or remedy under any revenue agreement or related agreement for the benefit of the bondholders or for the protection of any security given in connection with a revenue agreement, provided that the public cost of redevelopment of land paid by a city or its redevelopment agency shall not be deemed part of the cost of any project situated on such land;

(13) Invest or deposit, or authorize a trustee to invest or deposit, any money on hand in funds or accounts established in connection with a project or payment of bonds issued therefor, to the extent they are not presently needed for the purposes for which such funds or accounts were created, in accordance with section 471.56, as amended; and

(14) Waive or require the furnishing of a contractors payment and performance bond of the kind described in section 574.26 and if such bond shall be required, then the provisions of chapter 514 relating to liens for labor and materials, shall not be applicable in respect of any work done or labor or materials supplied for the project, and if such bond be waived then the said provisions of chapter 514 shall apply in respect of work done or labor or materials supplied for the project."

Page 9, line 9, delete "10" and insert "11"

Amend the title of H. F. No. 261 as amended pursuant to Rule 49, May 3, 1979, as follows:

(The title of the amended House File is identical to S. F. No. 859.)

Page 1, line 9, delete "and"

Page 1, line 9, before the period insert "; and 474.03"

The motion prevailed. So the amendment to the Humphrey amendment was adopted.

Mr. Kirchner moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 2, line 31, delete "110" and insert "90"

The motion did not prevail. So the amendment to the Humphrey amendment was not adopted.

Mr. Penny moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 2, line 31, delete "110" and insert "150"

The motion did not prevail. So the amendment to the Humphrey amendment was not adopted.

Mr. Penny then moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 3, line 1, delete "nonmetropolitan county or" and insert "Minneapolis-St. Paul"

Page 3, delete line 2, and insert "area;"

The motion did not prevail. So the amendment to the Humphrey amendment was not adopted.

Mr. Penny then moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 9, line 9, before "This" insert "Subdivision 1."

Page 9, after line 16, insert:

"Subd. 2. Section 9 does not apply to future housing bond issues by the city of Waseca, up to an aggregate amount of \$10,000,000. The city shall not be required to submit a housing plan to the Minnesota housing finance agency for approval."

The motion did not prevail. So the amendment to the Humphrey amendment was not adopted.

Mr. Ueland, A. moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 9, line 9, before "This" insert "Subdivision 1."

Page 9, after line 16, insert:

"Subd. 2. Section 9 does not apply to future housing bond issues by the city of Mankato, up to an aggregate amount of \$10,000,000, and the city of North Mankato, up to an aggregate amount of \$5,000,000. Neither city shall be required to submit a housing plan to the Minnesota housing finance agency for approval."

The motion did not prevail. So the amendment to the Humphrey amendment was not adopted.

Mr. Penny moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 9, lines 9 and 10, delete "This act is effective the day following final enactment."

Page 9, line 14, delete "multifamily rental"

Page 9, line 16, delete "April 15" and insert "August 1"

The motion did not prevail. So the amendment to the Humphrey amendment was not adopted.

Mr. Merriam moved to amend the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Page 9 of the Humphrey amendment, after line 16, insert:

"Section 9 does not apply to single family housing projects approved by the commissioner of securities prior to April 15, 1979, if the project complies with the income and purchase price requirements of section 2, subdivisions 2 and 3; and the aggregate principal amount of the bonds authorized for the project does not exceed the limitation provided in section 5."

The motion prevailed. So the amendment to the Humphrey amendment was adopted.

Mr. Penny moved to amend the Merriam amendment to the Humphrey amendment to H. F. No. 261, adopted by the Senate May 10, 1979, as follows:

Line 3 of the Merriam amendment, delete "April 15" and insert "August 1"

The motion did not prevail. So the amendment to the Merriam amendment to the Humphrey amendment was not adopted.

H. F. No. 261 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 55 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knoll	Penny	Spear
Ashbach	Gunderson	Knutson	Peterson	Staples
Benedict	Hanson	Laufenburger	Pillsbury	Stokowski
Bernhagen	Hughes	Lessard	Purfeerst	Strand
Brataas	Humphrey	Luther	Renneke	Stumpf
Chenoweth	Jensen	Menning	Rued	Tennesen
Chmielewski	Johnson	Merriam	Schaaf	Ueland, A.
Dieterich	Keefe, J.	Nelson	Schmitz	Ulland, J.
Dunn	Keefe, S.	Ogdahl	Setzepfandt	Vega
Engler	Kirchner	Olhoff	Sieloff	Wegener
Frederick	Knaak	Olson	Sillers	Willet

Mr. Davies voted in the negative.

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

Without objection, the Senate reverted to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time and referred to the committee indicated.

Messrs. McCutcheon, Coleman, Johnson, Setzepfandt and Merriam introduced—

S. F. No. 1567: A bill for an act relating to taxation; providing certain modifications of gross income; increasing and extending certain credits against income tax; increasing the maximum standard deduction; providing for valuation of agricultural land for school aids purposes; increasing the state share of certain income maintenance payments; reducing certain property assessment ratios; increasing the homestead credit; eliminating the limited market value; increasing certain property tax refund amounts; abolishing the inheritance tax; establishing an estate tax; repealing the gift tax; reducing the rate of sales and use tax on farm machinery; reducing the rates of tax on corporate and individual income; providing a property tax credit for commercial property; increasing the amount and providing for the distribution of aids to local governments; providing state assistance for municipal pension costs; altering the tax treatment of railroads; providing for payment in lieu of taxes on certain lands; appropriating money; amending Minnesota Statutes 1978, Sections 124.212, Subdivision 10; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 272.02, Subdivision 1; 273.11, Subdivision 2; 273.13, Subdivisions 4, 5a, 6, 7, and 14a, and by adding a subdivision; 273.17, Subdivision 1; 275.51, Subdivision 3d; 290.01, Subdivision 20; 290.06, Subdivisions 1, 2c, 3c, 3d, and 12, and by adding subdivisions; 290.081; 290.09, Subdivision 15; 290A.03, Subdivision 11; 290A.04, Subdivisions 2, 2a, 2b, and 3; 291.005, Subdivision 1; 291.01;

291.03; 291.05; 291.051; 291.06; 291.065; 291.07, Subdivision 1; 291.08; 291.09, Subdivisions 5 and 7, and by adding subdivisions; 291.11, Subdivision 1; 291.111, Subdivision 1; 291.132; 291.14; 291.19, Subdivision 3; 291.20, Subdivision 1; 291.27; 291.33, Subdivision 1; 295.02; 297A.01, by adding a subdivision; 297A.02; 297A.14; 297A.24; 352.15, Subdivision 1; 353.15; 354.10; 354A.11; 477A.01, Subdivisions 1, 2 and 4; 524.3-706; 524.3-916; 524.3-1001; 525.091, Subdivisions 1 and 2; 525.312; 525.71; 525.74; and 525.841; and Chapters 270, 273 and 291, by adding sections; repealing Minnesota Statutes 1978, Sections 3A.08; 273.11, Subdivision 2; 291.02; 291.07, Subdivisions 2 and 2a; 291.09, Subdivisions 1, 2, 3 and 4; 291.10; 291.11, Subdivisions 2, 3, 4, 5, 6, 7, 8, and 9; 291.12, Subdivision 4; 291.19, Subdivision 5; 291.20, Subdivision 3; 291.22; 291.23; 291.24; 291.25; 291.26; 291.29, Subdivisions 1, 2, 3 and 4; 291.30; 291.34; 291.35; 291.36; 291.37; 291.38; 291.39; 291.40; 292.01; 292.02; 292.03; 292.031; 292.04; 292.05; 292.06; 292.07; 292.08; 292.09; 292.105; 292.111; 292.112; 292.12; 292.125; 292.14; 292.15; 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; 295.14; and 477A.01, Subdivisions 3 and 4a.

Referred to the Committee on Taxes and Tax Laws.

RECESS

Mr. Hanson moved that the Senate do now recess until 1:30 o'clock p.m. The motion prevailed.

The hour of 1:30 o'clock p.m. having arrived, the President called the Senate to order.

MEMBERS EXCUSED

Mr. Bang was excused from the Session of today from 10:00 to 10:45 o'clock p.m. Mr. McCutcheon was excused from the Session of today from 11:00 to 1:00 o'clock p.m. Mr. Sieloff was excused from the Session of today until 10:55 o'clock a.m. Mr. Ulland, J. was excused from the Session of today from 11:15 to 11:45 o'clock a.m.

CALL OF THE SENATE

Mr. Hanson imposed a call of the Senate. The following Senators answered to their names:

Bang	Engler	Kleinbaum	Olson	Spear
Bernhagen	Frederick	Knoll	Penny	Strand
Brataas	Gearty	Laufenburger	Peterson	Ueland, A.
Chenoweth	Hughes	Luther	Pillsbury	Vega
Coleman	Johnson	Menning	Purfeerst	
Davies	Keefe, J.	Merriam	Rued	
Dieterich	Keefe, S.	Nelson	Schaaf	
Dunn	Kirchner	Ogdahl	Solon	

The Sergeant at Arms was instructed to bring in the absent members.

SPECIAL ORDER

S. F. No. 697: A bill for an act relating to Independent School District No. 535, Rochester; providing that the funds previously authorized for certain purposes may be spent entirely for one of those purposes.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 41 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Dunn	Keefe, S.	Perpich	Tennessee
Benedict	Engler	Knaak	Pillsbury	Ueland, A.
Bernhagen	Frederick	Knoll	Rued	Ulland, J.
Brataas	Gearty	Laufenburger	Schaaf	Wegener
Chenoweth	Gunderson	Luther	Schmitz	Willet
Chmielewski	Hanson	Menning	Setzepfandt	
Coleman	Hughes	Merriam	Sillers	
Davies	Johnson	Nelson	Spear	
Dieterich	Keefe, J.	Nichols	Strand	

So the bill passed and its title was agreed to.

Without objection, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Mr. Coleman from the Subcommittee on Bill Scheduling, to which were referred S. F. Nos. 1343, 1476, 838, 1314, 758, 975, 959, 960, 961, 996, 1041 and H. F. Nos. 340, 99, 534, 588, 748, 222, 313, 508, 1018, 1062, 123, 1353, 546 makes the following report:

That the above Senate Files and House Files be placed on the General Orders Calendar in the order indicated.

That there were no other bills before the Subcommittee on which floor action was requested.

Mr. Coleman moved the adoption of the foregoing committee report. The motion prevailed. Report adopted.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Merriam moved that H. F. No. 223 be taken from the table. The motion prevailed.

H. F. No. 223: A bill for an act relating to education; providing for aids to education, aids to libraries, tax levies and the distribution of tax revenues; granting certain powers and duties to teachers, school bus drivers, school boards, school districts, educational cooperative service units, the Minnesota educational computing consortium, courts, the commissioner of education, the commissioner of health, the department of education, the state board of education and the state board for vocational education and other

state agencies; creating a legislative school finance study commission; changing the method of computing foundation aid and levy limitations; providing aid for sparsely populated school districts, basic skills programs, new jobs programs and programs for gifted and talented students; changing procedures for decisions concerning the education of handicapped children; increasing tuition at area vocational-technical institutes; appropriating money; amending Minnesota Statutes 1978, Sections 3.9271, Subdivision 1, and by adding a subdivision; 3.9272; 16.93; 120.075; 120.17, Subdivisions 3b and 7a; 121.912, by adding a subdivision; 121.92, Subdivision 2; 123.34, Subdivision 8; 123.35, by adding a subdivision; 123.58, Subdivision 6, and by adding a subdivision; 123.702, Subdivision 1, and by adding a subdivision; 123.703, Subdivisions 1 and 3; 123.705; 123.741, Subdivision 1; 123.937; 124.01; 124.11, Subdivision 4; 124.17, Subdivision 1; 124.212, Subdivisions 1, 6c, 7c, 11, 20, and by adding subdivisions; 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; 124.223; 124.245, Subdivisions 1 and 2; 124.26, Subdivision 3; 124.271, Subdivisions 2, 5, and by adding a subdivision; 124.32, Subdivisions 1, 1a, 5, 7 and 10; 124.561, Subdivision 3a; 124.562, Subdivisions 1 and 2; 124.563, Subdivision 1; 124.565, Subdivision 3, 4, and by adding a subdivision; 124.572, Subdivision 2; 124.574, Subdivision 2; 124.646, Subdivision 1; 125.60, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 125.61, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 126.39, Subdivision 10; 126.40, Subdivision 3; 126.41, Subdivision 1; 126.52, Subdivision 10; 126.53, Subdivision 3; 126.54, Subdivision 1; 128A.02, Subdivision 6; 134.30, by adding a subdivision; 134.32, Subdivision 5; 134.33, Subdivision 1; 134.34, Subdivisions 1 and 2; 134.35, Subdivisions 1 and 2; 169.44, Subdivisions 1, 2, and by adding subdivisions; 275.125, Subdivisions 1, 2a, 2b, 8, 11a, and by adding subdivisions; 354.094, Subdivisions 3 and 6; 354.66, Subdivisions 1, 2, 3, 8, and by adding subdivisions; 354A.091, Subdivisions 1, 3, 6, and by adding a subdivision; 354A.22, Subdivisions 1, 2, 3, 8, and by adding subdivisions; 471.61, Subdivision 1b; and Chapters 124, by adding sections; and 134, by adding sections; repealing Minnesota Statutes 1978, Sections 120.171; 124.212, Subdivisions 6b and 7b; 124.241; 126.16; 126.18; 134.33, Subdivision 2; 169.44, Subdivisions 5 and 7; and 275.125, Subdivisions 6 and 7.

SUSPENSION OF RULES

Mr. Merriam moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 223 and that the rules of the Senate be so far suspended as to give H. F. No. 223 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 223 was read the second time.

Mr. Merriam moved to amend H. F. No. 223 as follows:

Delete everything after the enacting clause and insert:

**“ARTICLE I
FOUNDATION AID PROGRAM**

Section 1. Minnesota Statutes 1978, Section 124.11, Subdivision 5, is amended to read:

Subd. 5. Each year, beginning in 1978, based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall determine the distribution to each school district of the amount of revenue lost as a result of the reduction in property taxes provided in section ~~273.132~~ 5 of this article. On or before July 15, 1978, and on or before July 15 of each year thereafter, the commissioner of revenue shall certify the amounts so determined to the department of education. Beginning in 1978, the department of education shall pay each school district one-half of its distribution in August and the remaining one-half in the following November, as part of the foundation aid payment to each district in those months.

Sec. 2. Minnesota Statutes 1978, Section 124.17, Subdivision 1, is amended to read:

124.17 [DEFINITION OF PUPIL UNITS.] Subdivision 1. Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) In an elementary school:

(a) For handicapped pre-kindergarten pupils, as defined in section 120.03, enrolled in programs approved by the commissioner, one-half pupil unit;

(b) For kindergarten pupils enrolled in one-half day sessions throughout the school year or the equivalent thereof, one-half pupil unit; and

(c) For other elementary pupils, one pupil unit.

(2) In secondary schools, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

(4) To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to families with dependent children or its successor program who is enrolled in the school district on October 1 shall be counted as an additional five-tenths pupil unit. By March 1 of each year the department of public welfare shall certify to the department of education, and to each school district to the extent the information pertains to it, that information concerning children from families with dependent children who were enrolled in the school district on the preceding October 1 which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly certifies that the

information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.

(5) In every district where the number of pupils from families receiving aid to families with dependent children or its successor program exceeds five percent of the total actual pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for purposes of this clause, provided that in districts where the percent of concentration is less than six, no additional pupil units shall be counted under this clause for pupils from families receiving aid to dependent children or its successor program and provided further that no such pupil shall be counted as more than one and one-tenth additional pupil units pursuant to clauses (4) and (5). Such weighting shall be in addition to the weighting provided in clauses (1), (2), (3), and (4). School districts are encouraged to allocate a major portion of the aids that they receive on account of clauses (4) and (5) to primary grade programs and services, particularly to programs and services that involve participation of parents. Each district receiving aids on account of both clauses (4) and (5) shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all such aids received.

(6) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy limitations and where the actual number of pupil units has decreased from the prior year, the number of pupil units shall equal the greater of (a) the quotient obtained when the sum of the numbers of actual pupil units in the district for the two prior years and the current year and one quarter of the number of actual pupil units in the district for the third prior year, is divided by 3.25 or (b) the number of actual pupil units for the current year increased by .6 times the difference between the actual pupil units for the prior year and the current year. Only pupil units as computed in clauses (1) and (2) shall be included for purposes of computations made pursuant to this clause. A district shall base its count of pupil units on the greater number obtained from either subclause (a) or (b) of this clause. Only pupil units as computed in clauses (1) and (2) shall be included for purposes of the computation made pursuant to this clause.

(a) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy limitations and where the actual number of pupil units is less than the average of actual pupil units in the district for the three prior years and the current year, the number of pupil units shall equal the average of actual pupil units for three prior years and the current year.

(b) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy

limitations and where the actual number of pupil units has decreased from the prior year, the number of pupil units shall equal the number of actual pupil units for the current year increased by .6 times the difference between the actual pupil units for the prior year and the current year.

(7) In districts maintaining classified secondary schools where the actual number of pupil units has increased from the prior year by two percent or more, the additional pupil units over the prior year, as computed in clauses (1) and (2), shall be multiplied times one-tenth for each percent of increase over the prior year and a number of pupil units equal to the product shall be added to the other units for the district. The percent of increase shall be rounded up to the next whole percent for purposes of this clause, provided that in districts where the percent of increase is less than two, no additional pupil units shall be added to the other units for the district and provided further that the number of pupil units of increase over the prior year shall under no circumstances be multiplied by more than five-tenths.

(8) Only pupil units in clauses (1) and (2) shall be used in computing adjusted maintenance cost per pupil unit.

(9) A district shall base its count of pupil units on the greater number obtained from clauses (1) and (2) or the greater number obtained from either clause (6) or (7).

Sec. 3. Minnesota Statutes 1978, Section 124.19, is amended by adding a subdivision to read:

Subd. 2. In an elementary school where the number of instructional hours in the school day is greater than the number of instructional hours prescribed in the rules of the state board for the school day, the excess number of instructional hours for those days may be calculated to fulfill the requirements of subdivision 1, provided that the school is in session for not less than 160 days during the school year, and provided that no instructional hours are included from half-day sessions or any school day which has less instructional hours than the number of instructional hours prescribed in the rules of the state board.

Sec. 4. Minnesota Statutes 1978, Section 124.20 is amended to read:

124.20 [EDUCATION; STATE AID; SUMMER SCHOOL AND FLEXIBLE SCHOOL YEAR CLASSES.] Foundation aid for (1) summer school classes which are not a part of the regular school term in hospitals, sanatoriums, and home instruction programs, (2) inter-session classes of flexible school year programs, and (3) summer school classes in elementary and secondary schools, and ~~(4) summer school instruction in teachers college laboratory schools or in the university laboratory school,~~ shall be paid at a proportionate rate for foundation aids paid but not less than 50 percent of the foundation aid formula allowance for the preceding regular school year; provided that no district shall receive aid for programs under this section in an amount greater than its actual

expenditures for these programs; provided further, that for purposes of computing summer school foundation aid, a district's foundation aid for the regular school year shall be reduced by the amount of the agricultural tax credit included in that foundation aid.

Sec. 5. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.211] [STATE SCHOOL AGRICULTURAL CREDIT.] *The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of 15 mills on the property. The county auditor shall reduce the tax for school purposes on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.*

In 1977, payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this section. In 1978, payment shall be made pursuant to sections 124.212, subdivision 7b and 124.11, for the purpose of replacing revenue lost as a result of the reduction in property taxes provided in this section. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make these payments in fiscal year 1978. There is appropriated from the general fund in the state treasury to the department of education the amount necessary to make these payments in fiscal year 1979 and thereafter.

Sec. 6. Minnesota Statutes 1978, Section 124.212, Subdivision 1, is amended to read:

124.212 [FOUNDATION AID.] Subdivision 1. The foundation aid program for school districts for school years ~~1977-1978~~ 1979-1980 and ~~1978-1979~~ 1980-1981 shall be governed by the terms and provisions of this section.

Sec. 7. Minnesota Statutes 1978, Section 124.212, Subdivision 6c, is amended to read:

Subd. 6c. For the 1979-1980 school year a district shall receive in foundation aid ~~\$1,155~~ \$1,182 per pupil unit less 27 mills times the 1977 adjusted assessed valuation of the district, plus the amount of the agricultural tax credit by which 1978 payable 1979 property taxes in the district are reduced pursuant to the state school agricultural credit in section ~~273.132~~ 5 of this article.

Sec. 8. Minnesota Statutes 1978, Section 124.212, Subdivision 7c, is amended to read:

Subd. 7c. For the 1980-1981 school year a district shall receive in foundation aid ~~\$1,220~~ \$1,265 per pupil unit less ~~27~~ 24 mills times the 1978 adjusted assessed valuation of the district, plus the amount of the agricultural tax credit by which 1979 payable 1980 property taxes in the district are reduced pursuant to *the state school agricultural credit in section 273.132 5 of this article.*

Sec. 9. Minnesota Statutes 1978, Section 124.212, Subdivision 10, is amended to read:

Subd. 10. (a) The equalization aid review committee, consisting of the commissioner of education, the commissioner of administration, and the commissioner of revenue, is hereby continued and permanently established. The duty of this committee shall be to review the assessed valuation of the districts of the state. When such reviews disclose reasonable evidence that the assessed valuation of any district furnished by any county auditor is not based upon the market value of taxable property in such district, then said committee shall call upon the department of revenue to ascertain the market value of such property, and adjust such values as required by law to determine the adjusted assessed valuation. The department of revenue shall take such steps as are necessary in the performance of that duty and may incur such expense as is necessary therefor. The commissioner of revenue is authorized to reimburse any county or governmental official for services performed at his request in ascertaining such adjusted valuation. On or before March 15, annually, the department of revenue shall submit its report on the assessed values established by the previous year's assessment to said committee for approval or rejection and, if approved, such report shall be filed not later than the following July 1 with the commissioner of education and each county auditor for those school districts for which he has the responsibility for determination of mill rates. A copy of the adjusted assessed value so filed shall be forthwith mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which such district is located.

(b) For purposes of determining the adjusted assessed value of agricultural lands for the calculation of ~~1977~~ 1978 adjusted assessed values and thereafter, the market value of agricultural lands shall be ~~the arithmetic average of (1) the price for which the property would sell in an arms length transaction; and (2) the income which could be derived from its free market gross rental rate capitalized at a rate of nine ten percent. Value determined pursuant to this clause shall be based on comparison of income and assessments from only the most recent applicable year, and shall not be subject to a three-year series of comparisons.~~

Sec. 10. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.216] *Subdivision 1. [DEFINITION.] For the purposes of this section "pupil unit" has the meaning defined in section 124.17, subdivision 1, clauses (1) and (2).*

Subd. 2. For the 1980-1981 and 1981-1982 school years, a district with 950 or less pupil units which receives less than \$200 per pupil unit in foundation aid under that year's foundation aid formula provided in section 124.212 shall receive the difference between \$200 per pupil unit and the amount the district receives per pupil unit under that year's foundation aid. This payment shall be known as the minimum aid payment.

Subd. 3. A district which qualifies to receive aid pursuant to subdivision 2 of this section and which qualifies to receive aid pursuant to section 11 of this article shall receive the greater amount provided by either section, but shall not receive aid under both sections.

Subd. 4. The payments made to a district pursuant to subdivision 2 shall not be treated as a district's foundation aid formula allowance for any purpose except that the date of the payments shall be as provided in section 124.11.

Sec. 11. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.224] [SPARSITY AID.] *Subdivision 1. The sparsity aid allowance program for school years 1979-1980 and 1980-1981 shall be governed by the terms and provisions of this section.*

Subd. 2. [DEFINITIONS.] As used in this section, the terms defined in this subdivision have the meanings given them.

(a) *"High school" means a secondary school, as defined in Minnesota Statutes, Section 120.05, Subdivision 2, Clause (3), which enrolls pupils in each of grades ten, eleven and twelve.*

(b) *"Secondary average daily membership" means the following:*

(i) *In a school district with only one high school, secondary average daily membership means the average daily membership of resident pupils in grades seven through twelve, as defined in section 124.17, subdivision 2.*

(ii) *In a school district with more than one high school, secondary average daily membership for a high school means the average daily membership of resident secondary pupils enrolled in the high school, as defined in section 124.17, subdivision 2, plus the average daily membership of resident pupils in grades 7, 8 and 9 attending public school who are not currently enrolled in that high school but who would ordinarily progress to grades 10, 11 and 12 in that high school.*

(c) *"Attendance area" means the quotient of the total surface area of a district divided by the number of high schools in the district.*

(d) *"Isolation index" means the sum of:*

(i) *The distance in miles measured by the usual traveled routes between a particular high school in a district and the nearest other high school, plus*

(ii) *The square root of one-half the attendance area.*

(e) *"Qualifying high school" means a high school with an isolation index of greater than 18 and with secondary average daily membership of less than 500 in the year for which the aid is to be paid.*

Subd. 3. [QUALIFICATION.] *To qualify for aid under this section, a district must have at least one qualifying high school.*

Subd. 4. [COMPUTATION.] *A district which qualifies for aid under this section shall receive an amount of aid equal to the sum of the amounts determined by computing the following product for each qualifying high school in the district:*

(a) *93 percent of the foundation aid formula allowance for the school year, multiplied by*

(b) *The secondary average daily membership, multiplied by*

(c) *The quotient obtained by dividing (1) the remainder of 500 minus the secondary average daily membership by (2) the sum of 500 plus the secondary average daily membership, multiplied by*

(d) *The quotient obtained by dividing (1) the remainder of the isolation index minus 18 by (2) the isolation index.*

Subd. 4a. [ISOLATED ELEMENTARY SCHOOLS.] *Any school district which operates an elementary school, as defined in Minnesota Statutes, Section 120.05, Subdivision 2, enrolling fewer than 20 pupils, and which is at least 50 miles by the most direct paved roads from the nearest other Minnesota elementary school, shall receive an amount equal to the foundation aid formula allowance times the number of pupils enrolled in that school in addition to all other aids the district is entitled to pursuant to chapter 124.*

Subd. 5. [AID PAYMENTS.] *The aid in this section shall be in addition to all other aids a school district receives. The aid payments in this section shall be paid to a district pursuant to section 124.11.*

Subd. 6. [DUTIES OF DEPARTMENT OF EDUCATION.] *The department of education shall determine the measurement and calculation of the isolation index and all other data necessary to implement this section.*

Sec. 12. Minnesota Statutes 1978, Section 272.115, Subdivision 4, is amended to read:

Subd. 4. *Beginning with taxes payable in 1979, no real estate sold on or after January 1, 1978 for which a certificate of value is required pursuant to subdivision 1 shall receive the homestead credit provided under section 273.13, subdivisions 6 and 7; the*

state school agricultural mill credit provided in section ~~273.132~~ 5 of this article; or the taconite homestead credit provided in sections 273.134 to 273.136, unless a certificate of value has been filed with the county auditor in accordance with this section.

This subdivision shall apply to any real estate taxes that are payable the year or years following the sale of the property.

Sec. 13. Minnesota Statutes 1978, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed at 18 percent of the market value thereof in 1977, for taxes payable in 1978, and at 16 percent thereafter. The property tax to be paid on class 3b property as otherwise determined by law not exceeding 120 acres less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by 45 percent of the tax; provided that the amount of said reduction shall not exceed \$325. Valuation subject to relief in 1977 for taxes payable in 1978 shall be limited to 120 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and, such other structures as may be included thereon utilized by the owner in an agricultural pursuit. For taxes levied in 1978 payable 1979 and subsequent years, valuation subject to relief shall be limited to 160 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and such other structures as may be included thereon utilized by the owner in an agricultural pursuit. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be valued and assessed at 31 percent of its market value in 1977, for taxes payable in 1978, and at 30 percent thereafter. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Agricultural land as used herein, and in section ~~273.132~~ 5 of this article, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

Sec. 14. Minnesota Statutes 1978, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In ~~1977~~ 1979, a school district may levy for all general and special school purposes, an amount equal to the amount

raised by 28 24 mills times the 1976 1978 adjusted assessed valuation of the district *less any amount received pursuant to section 8 of this article.*

(2) In 1978 1980 , a school district may levy for all general and special school purposes, an amount equal to the amount raised by 27 21 mills times the 1977 1979 adjusted assessed valuation of the district *less any amount received pursuant to section 8 of this article.*

(3) For any district levying less than 95 percent of the maximum levy allowable in clauses (1) and (2), beginning with the levy certified in 1978, payable in 1979, the foundation aid to the district for the 1979-1980 school year, and for subsequent levies, foundation aid for subsequent school years, calculated pursuant to section 124.212, shall be reduced to an amount equal to the ratio between the actual levy and the maximum levy allowable under clauses (1) and (2) times the foundation aid to which the district is otherwise entitled for that year. For purposes of computations pursuant to this clause, the maximum levy allowable and the actual levy under clauses (1) and (2) shall be increased by any reduction of this levy which is required by section 275.125, subdivision 9 or any other law.

(4) (a) The levy authorized by clauses (1) or (2) may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. Such a 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 shall be held on a date set by the school board. Only one such election may be held to approve a levy increase which will commence in a specific school year. The question on the ballot shall state the maximum amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The question may designate a specific number of years for which the referendum authorization shall apply. If approved, the amount provided by the approved millage applied to each year's taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked by the voters of the district at a subsequent referendum.

(b) A referendum on the question of revoking the increased levy amount authorized pursuant to clause (a) of this clause 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. The amount approved by the voters of the district pursuant to clause (a) of this clause must be levied at least once before it is subject to a referendum on its revocation for subsequent years. Only one such revocation election may be held to revoke a levy for any specific year and for years thereafter.

(c) A petition authorized by clauses (a) or (b) of this clause shall be effective if signed by a number of qualified voters in excess of 15 percent, or 10 percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school

elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(d) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(e) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 15. Minnesota Statutes 1978, Section 276.04, is amended to read:

276.04 [NOTICE OF RATES; PROPERTY TAX STATEMENTS.] On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose. He shall, whether or not directed by the county board, cause to be printed on all tax statements, or on an attachment, a tabulated statement of the dollar amount due to each taxing authority and the amount to be paid to the state of Minnesota from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the state, county, township or municipality and school district shall be separately stated but the amounts due other taxing districts, if any, may be aggregated. The property tax statements for class 2a property shall contain the same information that is required on the tax statements for real property. The county treasurer shall mail to taxpayers statements of their personal property taxes due, such statements to be mailed not later than February 15 (except in the case of Class 2a property), statements of the real property taxes due shall be mailed not later than January 31; provided, that the validity of the tax shall not be affected by failure of the treasurer to mail such statement. Such real and personal property tax statements shall contain the market value, as defined in section 272.03, subdivision 8, used in determining the tax. The statement shall also include the base tax as defined in section 273.011, subdivision 4, for qualified property as defined in section 273.011 for which the credit provided for in section 273.012 is claimed. The statement shall show the amount attributable to section 273.132 5 of this article as "state paid school agricultural credit" and the amount attributable to section 273.13, subdivisions 6 and 7 as "state paid homestead credit". The commissioner of revenue shall provide each county auditor with the names of those persons in the assessor's district who have filed and qualified for the property tax credit pursuant to sections 273.011 and 273.012 and shall inform the assessor of the base tax of those persons. If so directed by the county board, the treasurer shall visit places in the county as he deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists.

Sec. 16. Minnesota Statutes 1978, Section 290A.03, Subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made pursuant to section 273.13, subdivisions 6 and 7, but after deductions made pursuant to ~~sections 273.132~~ *section 5 of this article and section 273.135, in 1977 or any calendar year thereafter.* No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are mobile homes as defined in section 168.011, subdivision 8, "property taxes payable" shall also include 22 percent of gross rent paid in the preceding year for the site on which the homestead is located, exclusive of charges for utilities or services. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable", the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable.

Sec. 17. [REPEALER.] *Minnesota Statutes 1978, Sections 124.212, Subdivisions 6b and 7b; and 273.132 are repealed.*

Sec. 18. [DEFICIENCY APPROPRIATION.] *There is appropriated from the general fund to the department of education the sum of \$1,155,000 for a deficiency in fiscal year 1979 for 1978 summer school programs.*

Sec. 19. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

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

\$640,740,000 1980,

This amount includes \$58,600,000 for aid for fiscal year 1979 payable in fiscal year 1980, and \$582,140,000 for aid for fiscal year 1980 payable in fiscal year 1980.

\$683,200,000 1981.

This amount includes \$60,000,000 for aid for fiscal year 1980 payable in fiscal year 1981, and \$623,200,000 for aid for fiscal year 1981 payable in fiscal year 1981.

Subd. 3. [SUMMER SCHOOL.] For state aid for summer school there is appropriated:

\$11,760,000 1980,

This amount is for 1979 summer school programs.

\$12,620,000 1981.

This amount is for 1980 summer school programs.

Subd. 4. [SPARSITY AID.] For sparsity aid pursuant to section 11 of this article there is appropriated:

\$1,547,000 1980,

\$1,903,000 1981.

(a) The appropriation in this subdivision for fiscal year 1981 includes an amount not to exceed \$170,500 for the payment of the final sparsity aid distribution for fiscal year 1980, and \$1,719,500 for aid for fiscal year 1981, payable in fiscal year 1981.

Subd. 5. [EDUCATIONAL PROGRAMS THROUGH GRADE THREE.] The legislature recognizes the importance of the early years of learning to the child and to society. This appropriation shall provide additional resources for educational programs before grade four. For aid pursuant to this subdivision there is appropriated \$2,000,000 for the biennium ending June 30, 1981.

Subd. 6. [MINIMUM AID PAYMENT.] For the minimum aid payment pursuant to section 10 of this article there is appropriated:

\$2,000,000 1981.

Subd. 7. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amounts in subdivisions 4 and 5 attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

ARTICLE II

TRANSPORTATION AID PROGRAM

Section 1. Minnesota Statutes 1978, Section 120.17, Subdivision 4, is amended to read:

Subd. 4. [SPECIAL INSTRUCTIONS FOR NON-RESIDENT CHILDREN.] When a school district provides instruction and services outside the district of residence, ~~transportation or board~~ and lodging, and any tuition to be paid, shall be paid by the district of residence. *Transportation costs shall be paid by the district providing the transportation, and the state shall reimburse the district within the limits provided by law.* The tuition rate to be charged for any handicapped child shall be the actual cost of pro-

viding special instruction and services to the child including a proportionate amount for capital outlay and debt service minus the amount of special aid for handicapped children received on behalf of that child. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. The commissioner shall then set a date for a hearing, giving each board at least ten days' notice, and after the hearing the commissioner shall make his order fixing the tuition rate, which shall be binding on both school districts.

For the purposes herein, any school district may enter into an agreement, upon such terms and conditions as may be mutually agreed upon, to provide special instruction and services for handicapped children. In that event, one of the participating units may employ and contract with necessary qualified personnel to offer services in the several districts, and each participating unit shall reimburse the employing unit a proportionate amount of the actual cost of providing the special instruction and services, less the amount of state special education aid, which shall be claimed in full by the employing district.

Sec. 2. Minnesota Statutes 1978, Section 120.17, Subdivision 6, is amended to read:

Subd. 6. [PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.] The responsibility for special instruction and services for a handicapped child temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The school district of residence of such a child shall be the district in which his parent resides, if living, or his guardian, or the district designated by the commissioner of education if neither parent nor guardian is living within the state.

(b) The district providing the instruction shall maintain an appropriate educational program for such a child and shall bill the district of the child's residence for the actual cost of providing the program, as outlined in subdivision 4, except that the board, lodging, and treatment costs incurred in behalf of a handicapped child placed outside of the school district of his residence by the commissioner of public welfare or the commissioner of corrections or their agents, for reasons other than for making provision for his special educational need shall not become the responsibility of either the district providing the instruction or the district of the child's residence.

(c) The district of residence shall pay tuition and other program costs to the district providing the instruction and the district of residence may claim foundation aid for the child as provided by law. Special transportation costs shall be paid by the district of the child's residence *providing the transportation* and the state shall reimburse *the district* for such costs within the limits set forth in section 124.32, subdivision 3 *provided by law*.

Sec. 3. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.224] [TRANSPORTATION AID ENTITLEMENT.]
Subdivision 1. [DEFINITIONS.] (a) "FTE" means each transported authorized full time equivalent student. (b) "Total authorized cost" includes all authorized transportation expenditures in section 124.223. (c) "Total authorized predicted cost" is based on all authorized transportation expenditures in section 124.223 and includes an amount equal to $12\frac{1}{2}$ percent of the original cost of the district's bus fleet as of July 1 of each year plus $33\frac{1}{3}$ percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections.

Subd. 2. For the 1979-1980 school year, the state shall pay to each school district for all pupil transportation and related services which the district is authorized by law to receive state aid an amount determined according to a linear regression formula for each planning region determined by the department of education to be within the appropriated amount and to maximize the amount of variance accounted for between the total actual authorized cost per FTE for the 1977-1978 school year and the formula predicted amount for the 1977-1978 school year. This amount shall be adjusted according to the provisions of subdivisions 5 and 7.

Subd. 3. For the 1980-1981 school year the state shall pay to each school district for all pupil transportation and related services which the district is authorized by law to receive state aid an amount determined according to a linear regression formula determined by the department of education to be within the appropriated amount and to maximize the amount of variance accounted for between the total actual authorized cost per FTE for the 1978-1979 school year and the formula predicted amount for the 1978-1979 school year. This amount shall be adjusted according to the provisions of subdivisions 6 and 7.

Subd. 4. To predict the natural logarithm of the total authorized cost per FTE transported authorized by law, the linear regression formula shall use the variables and all cross products of the following logarithmic terms:

(1) The natural logarithm of 1.00 divided by the total authorized FTE transported;

(2) The natural logarithm of the sum of 100 plus the difference between the state average of the square root of the regular and summer school authorized FTE transported per square mile minus the square root of the regular and summer FTE transported per square mile;

(3) The natural logarithm of the ratio of regular and summer school authorized FTE transported to the district's total average daily membership;

(4) The natural logarithm of regular and summer school authorized FTE transported per square mile;

(5) The natural logarithm of the district's average daily membership;

(6) *The natural logarithm of the size of the district measured in square miles; and*

(7) *The natural logarithm of the total FTE transported by the district authorized for aid pursuant to section 124.223 minus the regular and summer school authorized FTE transported.*

Subd. 5. The amount predicted per FTE in subdivision 2 for 1977-1978 shall be increased by 17 percent. This amount shall be a district's basic aid for the 1979-1980 school year.

Subd. 6. The amount predicted per FTE in subdivision 3 for 1978-1979 shall be increased by 17 percent. This amount shall be a district's basic aid for the 1980-1981 school year.

Subd. 7. (A) For each school year the department shall apply the formula in subdivision 4 as adjusted by subdivision 5 or 6 to the actual number of FTE transported in each district. The amount predicted by the formula for that year shall then be compared to the total actual expenditure per FTE for authorized transportation for each district for that year.

(B) The comparison in clause (A) shall be used to determine the total aid entitlement for a district.

(C) If the predicted amount is greater than the district's actual expenditure per FTE, its aid entitlement shall equal the predicted amount minus 10 percent of the first \$10 of difference between the predicted amount and the actual expenditures; minus 20 percent of the next \$20; minus 40 percent of the next \$20; minus 60 percent of the next \$50; and minus 75 percent of the difference which exceeds \$100.

(D) If the predicted amount is less than the district's actual authorized expenditure per FTE, its aid entitlement shall equal the predicted amount plus 10 percent of the first \$10 of difference between the predicted amount and the actual expenditure; plus 20 percent of the next \$20; plus 40 percent of the next \$20; plus 60 percent of the next \$50; and plus 75 percent of the difference which exceeds \$100.

(E) The aid a district receives pursuant to this subdivision shall be reduced by the amount raised by one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the corresponding aid year.

(F) Before August 15 of each year, districts shall provide the department with the information from the previous school year the department determines is necessary to compute the final transportation payment.

Subd. 8. (A) Each district shall report to the department before July 1 of each year an estimate for the next school year of the total number of FTE transported by category and an estimate of the district's total authorized cost.

(B) The department shall determine an estimated total authorized cost per FTE for each district. The department shall

compare the basic aid amount predicted according to the formula in subdivision 4 for the appropriate year with the total estimated authorized cost per FTE for authorized transportation for each district for that year.

(C) If the predicted basic aid amount for that year is greater than the estimated authorized cost per FTE, the amount a district receives for that year shall equal the predicted basic aid amount minus 10 percent of the first \$10 of difference between the estimated authorized cost per FTE and the predicted basic aid amount minus 20 percent of the next \$20; minus 40 percent of the next \$20; minus 60 percent of the next \$50; and minus 75 percent of the amount which exceeds \$100.

(D) If the predicted basic aid amount for that year is less than the estimated authorized cost per FTE, the amount a district receives shall equal the predicted basic aid amount for that year plus 10 percent of the first \$10 of difference between the estimated authorized cost per FTE and the predicted basic aid amount plus 20 percent of the next \$20; plus 40 percent of the next \$20; plus 60 percent of the next \$50; and plus 75 percent of the amount which exceeds \$100.

(E) The aid a district receives pursuant to this subdivision shall be reduced by the amount raised by one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the corresponding aid year.

Subd. 9. Any school district which owns school buses shall transfer annually from its transportation fund to its bus purchase fund an amount equal to 12½ percent of the original cost of each bus until the original cost of each bus is fully amortized plus 33⅓ of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections. Any school district may transfer any amount from its transportation fund to its bus purchase fund.

Sec. 4. Minnesota Statutes 1978, Section 124.222, Subdivision 3, is amended to read:

Subd. 3. [PAYMENT SCHEDULE.] Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, the state shall pay to each school district 30 percent of its estimated school transportation aid entitlement for the fiscal year on or before each of the following dates: August 31, December 31, and March 31. ~~The amount of transportation aid for school bus depreciation shall be paid on or before September 30.~~ The final aid distribution to each district shall be made on or before October 31 of the following fiscal year.

Sec. 5. [REPEALER.] Minnesota Statutes 1978, Section 124.222, Subdivisions 1a, 1b, 2a, 2b and 6 are repealed.

Sec. 6. [APPROPRIATIONS.] Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

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

\$89,138,000 1980

This amount includes \$7,600,700 for aid for fiscal year 1979 payable in fiscal year 1980, and \$81,537,300 for aid for fiscal year 1980 payable in fiscal year 1980.

\$92,502,000 1981

This amount includes \$9,000,000 for aid for fiscal year 1980 payable in fiscal year 1981.

Subd. 3. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

ARTICLE III

SPECIAL AND COMPENSATORY EDUCATION AID

Section 1. Minnesota Statutes 1978, 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 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) 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);

(c) Parents and guardians shall have an opportunity to obtain an informal due process hearing initiated and conducted in the school district where the child resides, if after at least one conciliation conference the parent or guardian continues to object to: (1) a proposed formal educational assessment 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 the option of the school board, The hearing shall take place either before the school board; or (1) its designee, (2) a person

mutually agreed to by the school board and the parent or guardian, or ~~(3)~~, if they are unable to reach agreement, before a person appointed by the commissioner. A decision pursuant to ~~(1)~~, ~~(2)~~, or ~~(3)~~ shall be subject to review by the school board within ten days at its option. No member of the school board of the district where the child resides or of the child's school district of residence or no employee of the school district or of either district, if the two districts are different, shall preside at the hearing. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(d) Within ~~five~~ 45 days of receipt of a written request for a hearing or review pursuant to clause (c), the person or persons conducting the hearing or review shall issue a local decision which shall be binding on all parties unless appealed to the commissioner by the parent, or guardian or school board pursuant to clause (e).

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 commissioner 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.

(e) Any local decision issued pursuant to clauses (c) and (d) may be appealed to the commissioner within 15 days of receipt of that written decision, by the parent, or guardian or school board. The parent, guardian or school board shall ~~may~~ be a party to any appeal.

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 days of the filing of the appeal. However, for appeals of local decisions issued by school boards or their designees concerning proposals set forth in clause (c) ~~(1)~~, ~~(2)~~, and ~~(4)~~, no written transcript shall be made if the parent or guardian requests a chapter 15 due process hearing pursuant to this clause at the time the appeal is filed. The commissioner shall issue a final decision based on a review of the local decision and the entire record within 30 days after receipt of the local decision and the transcript. However, in appeals of local decisions issued by school boards or their designees concerning proposals set forth in clause (c) ~~(1)~~, ~~(2)~~ and ~~(4)~~, a parent or guardian may, at the time the appeal is filed, request a due process hearing conducted pursuant to the provisions of chapter 15. In that case the commissioner shall issue

a final decision within 30 days after that hearing and the final decision shall be based on the report of the hearing examiner.

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.

(f) The decision of the commissioner shall be final unless appealed by the parent or guardian or school board to the district court of the county in which the school district in whole or in part is located. The scope of judicial review shall be as provided in chapter 15.

(g) The child's school district of residence, if different from the district where the child actually resides, shall receive notice of and may be a party to any hearings or appeals pursuant to this subdivision.

Sec. 2. Minnesota Statutes 1978, Section 120.17, Subdivision 7a, is amended to read:

Subd. 7a. [ATTENDANCE AT SCHOOL FOR THE HANDICAPPED.] Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota school for the deaf or the Minnesota braille and sight-saving school shall be determined in the following manner:

(a) The legal residence of the child shall be the school district in which his parent or guardian resides.

(b) When it is determined pursuant to section 128A.05, subdivisions 1 or 2 that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the actual cost of providing the program; provided, however, that the amount of tuition charged shall not exceed \$2,000 \$2,500 for any an entire school year or a pro-rated amount based on the number of days of attendance of the child if less than an entire school year. The district of the child's residence shall pay the tuition and may claim foundation aid for the child. All tuition so received shall be deposited in the state treasury.

(c) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for handicapped children shall be paid to the district providing the special instruction and services. Special transportation

shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law;

(d) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in clause (c) for providing appropriate educational programs to pupils attending the applicable school.

(e) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to supply staff from the Minnesota School for the Deaf and the Minnesota Braille and Sight-Saving School to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

Sec. 3. Minnesota Statutes 1978, Section 124.17, Subdivision 1, is amended to read:

124.17 [DEFINITION OF PUPIL UNITS.] Subdivision 1. Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) In an elementary school:

(a) For *each* handicapped pre-kindergarten pupils and each handicapped kindergarten pupil, as defined in section 120.03, enrolled in programs approved by the commissioner, ~~one half pupil unit~~ *a number of pupil units equal to the ratio of the number of hours of education services in the school year required by the pupil's individual education program plan developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;*

(b) For kindergarten pupils enrolled in one-half day sessions throughout the school year or the equivalent thereof, one-half pupil unit; and

(c) For other elementary pupils, one pupil unit.

(2) In secondary schools, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

(4) To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to families with dependent children or its successor program who is enrolled in the school district on October 1 shall be counted as an additional five-tenths pupil unit. By March 1 of each year the department of public welfare shall certify to the department of education, and to each school district to the extent the information pertains to it, that information concerning children from families with dependent

children who were enrolled in the school district on the preceding October 1 which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly certifies that the information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.

(5) In every district where the number of pupils from families receiving aid to families with dependent children or its successor program exceeds five percent of the total actual pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for purposes of this clause, provided that in districts where the percent of concentration is less than six, no additional pupil units shall be counted under this clause for pupils from families receiving aid to dependent children or its successor program and provided further that no such pupil shall be counted as more than one and one-tenth additional pupil units pursuant to clauses (4) and (5). Such weighting shall be in addition to the weighting provided in clauses (1), (2), (3), and (4). School districts are encouraged to allocate a major portion of the aids that they receive on account of clauses (4) and (5) to primary grade programs and services, particularly to programs and services that involve participation of parents. Each district receiving aids on account of both clauses (4) and (5) shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all such aids received.

(6) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy limitations and where the actual number of pupil units has decreased from the prior year, the number of pupil units shall equal the greater of (a) the quotient obtained when the sum of the numbers of actual pupil units in the district for the two prior years and the current year and one quarter of the number of actual pupil units in the district for the third prior year, is divided by 3.25 or (b) the number of actual pupil units for the current year increased by .6 times the difference between the actual pupil units for the prior year and the current year. Only pupil units as computed in clauses (1) and (2) shall be included for purposes of computations made pursuant to this clause.

(7) In districts maintaining classified secondary schools where the actual number of pupil units has increased from the prior year by two percent or more, the additional pupil units over the prior year, as computed in clauses (1) and (2), shall be multiplied times one-tenth for each percent of increase over the prior year and a number of pupil units equal to the product shall be added to the other units for the district. The percent of increase shall be rounded up to the next whole percent for purposes of this clause, provided that in districts where the percent of increase is less than

two, no additional pupil units shall be added to the other units for the district and provided further that the number of pupil units of increase over the prior year shall under no circumstances be multiplied by more than five-tenths.

(8) Only pupil units in clauses (1) and (2) shall be used in computing adjusted maintenance cost per pupil unit.

Sec. 4. Minnesota Statutes 1978, Section 126.39, Subdivision 10, is amended to read:

Subd. 10. [REPORT.] The state board shall make a report to the legislature, the governor and the public on or before ~~September 1, 1979~~ *February 1, 1980*. This report shall include the results of the needs assessment, including an evaluation of the pilot programs, the number of children served in programs for each language group; the cost of the program per pupil for each pilot program language group, and program type; the number of children in each school district, language group and program type who, as a result of the bilingual education program, improved their English language ability to such an extent that the program is no longer necessary for those children; and recommendations for legislation including any need for expansion and accompanying plans and cost estimates in the areas of bilingual education.

Sec. 5. Minnesota Statutes 1978, Section 126.40, Subdivision 3, is amended to read:

Subd. 3. [TERMS.] *The advisory task force shall expire and The terms, compensation, and removal of members of the advisory task force shall be as provided for in section 15.059, subdivision 6. Notwithstanding the provisions of section 15.059, subdivision 6, the advisory task force shall expire June 30, 1980.*

Sec. 6. Minnesota Statutes 1978, Section 126.41, Subdivision 1, is amended to read:

126.41 [PILOT PROGRAMS.] Subdivision 1. [GRANTS, PROCEDURES.] For fiscal years 1978, and 1979, and 1980 as part of the needs assessment effort, the state board of education shall make grants to no fewer than three transitional bilingual education programs. At least one pilot bilingual program shall be in a rural area. The board of a local district or a group of boards may submit a proposal for a grant for a transitional bilingual education program. The state board shall prescribe the form and manner of application for grants and no grant shall be made for proposals not complying with the requirements of sections 126.31 to 126.42. ~~Every program proposal shall be submitted to the state board not less than six months before the planned commencement of the program; provided, however that this six month requirement shall not apply to school districts with an existing bilingual education program established and approved pursuant to section 701 et seq., of Title VII of the Elementary and Secondary Education Act of 1965. The state board shall submit all proposals to the state advisory task force on bilingual education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.~~

Sec. 7. Minnesota Statutes 1978, Section 126.52, Subdivision 10, is amended to read:

Subd. 10. [REPORT.] The state board shall make a report to the legislature, the governor and the public on or before ~~September 1, 1979~~ *February 1, 1980*. This report shall include the results of the needs assessment, including an evaluation of the pilot programs, and recommendations for legislation in the area of American Indian language and culture education.

Sec. 8. Minnesota Statutes 1978, Section 126.53, Subdivision 3, is amended to read:

Subd. 3. ~~The advisory task force shall expire and~~ The terms, compensation, and removal of members *of the advisory task force* shall be as provided for in section 15.059, subdivision 6. *Notwithstanding the provisions of section 15.059, subdivision 6, the advisory task force shall expire June 30, 1980.*

Sec. 9. Minnesota Statutes 1978, Section 126.54, Subdivision 1, is amended to read:

126.54 [PILOT PROGRAMS.] Subdivision 1. [GRANTS; PROCEDURES.] For fiscal years 1978, and 1979, and 1980 as part of the needs assessment effort, the state board of education shall make grants to no fewer than six school year pilot American Indian language and culture education programs. At least three pilot programs shall be in urban areas and at least three shall be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of pilot American Indian language and culture education programs. Proposals may provide for contracts for the provision of program components by nonsectarian non-public, community, tribal or alternative schools. The state board shall prescribe the form and manner of application for grants and no grant shall be made for a proposal not complying with the requirements of sections 126.45 to 126.55. ~~Every program proposal shall be submitted to the state board not less than six months before the planned commencement of the program.~~ The state board shall submit all proposals to the state advisory task force on American Indian language and culture education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 10. Minnesota Statutes 1978, Section 124.32, Subdivision 1, is amended to read:

124.32 [HANDICAPPED CHILDREN.] Subdivision 1. The state shall pay to any district:

(a) for the employment in its educational program for handicapped children, 69 percent of the salary of essential personnel ~~in 1977-1978 and the greater of:~~

(1) (a) 69 percent of the salary of essential personnel ~~in 1978-1979~~, but this amount shall not exceed \$11,500 ~~in 1977-1978 or \$12,000 in 1978-1979~~ for the normal school year for each full time

person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district; *plus*

(b) Plus five percent of the salaries of essential personnel employed in its educational program for handicapped children, for the purpose of recognizing additional support costs of educational programs for handicapped children; or

(2) 70 percent of the salary of essential personnel for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

(3) A district shall receive aid pursuant to only one clause of clauses (1) and (2) of this subdivision for a school year.

Sec. 11. Minnesota Statutes 1978, Section 124.32, Subdivision 1a, is amended to read:

Subd. 1a. For purposes of this section, for the 1977-1978 school year, the foundation aid formula allowance per pupil unit shall be the lesser of \$1,030 or the greater sum computed pursuant to section 124.212, subdivision 6b, clause (2); the foundation aid formula allowance per pupil unit shall be \$1,095 for the 1978-1979 school year, \$1,155 \$1,182 for the 1979-1980 school year, and \$1,220 \$1,265 for the 1980-1981 school year. Computations of foundation aid formula allowances pursuant to this section shall be based on the foundation aid formula allowance per pupil unit in the child's district of residence. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1, clause (1) or (2).

Sec. 12. Minnesota Statutes 1978, Section 124.32, Subdivision 5, is amended to read:

Subd. 5. When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay to the resident district not to exceed 60 percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance in the resident district, for each handicapped child placed in a residential facility. Not more than \$550,000 \$925,000 for 1977-1978 1979-1980 and \$600,000 \$1,015,000 for 1978-1979 1980-1981 shall be paid for the purposes of this subdivision. If that amount does not suffice, the aid shall be prorated among all qualifying districts.

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

(a) A residential facility operated by the state or a public school district and designed to serve the low incidence handi-

capped, the multiple handicapped, or the most severely handicapped children within the state.

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

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

Sec. 13. Minnesota Statutes 1978, Section 124.32, Subdivision 10, is amended to read:

Subd. 10. ~~The state shall pay aid for 1977 summer school programs for handicapped children on the basis of the formula applicable to the 1977-1978 school year. Beginning with the summer of 1978, The state shall pay aid for summer school programs for handicapped children on the basis of the sections of Minnesota Statutes providing aid for handicapped children for the preceding school year. On or before 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 his action and of the estimated amount of aid for the summer school programs. Aid for these programs shall be paid on or before the October 1 after the summer when the programs are conducted.~~

Sec. 14. [DEFICIENCY AUTHORIZATION.] *Subdivision 1. The department of education is authorized to make an additional payment of \$209,839 for the fiscal year ending June 30, 1978 for aid pursuant to section 124.32, subdivision 5, from funds available for special education aids in fiscal year 1978.*

Subd. 2. The department of education is authorized to make an additional payment of \$230,000 for the fiscal year ending June 30, 1979 for aid pursuant to section 124.32, subdivision 5, from funds available for special education aids in fiscal year 1979.

Sec. 15. [SPECIAL AND COMPENSATORY EDUCATION AIDS; APPROPRIATION.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. For special education aid in 1980 there is appropriated: \$87,155,600. This amount includes:

- | | |
|------------------|---|
| (A) \$74,747,300 | for aid for fiscal year 1980 payable in fiscal year 1980; |
| (B) \$ 7,278,000 | for the payment of the final special education aid distribution to each district for fiscal year 1979, payable in fiscal year 1980; |

(C) \$ 4,206,000 for special education aid for 1979 summer school program payable in fiscal year 1980; and

(D) \$ 924,300 for aid pursuant to section 124.32, subdivision 5, payable in fiscal year 1980.

Any unexpended balance remaining from the appropriations in clauses (A), (B), (C) or (D) of this subdivision shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in clause (A), (B), (C) or (D) of this subdivision shall be expended for a purpose other than the purpose indicated by that clause.

Subd. 3. For special education aid in 1981 there is appropriated: \$96,026,100. This amount includes:

(A) \$81,756,600 for aid for fiscal year 1981 payable in fiscal year 1981;

(B) \$ 8,305,200 for the payment of the final special education aid distribution to each district for fiscal year 1980, payable in fiscal year 1981;

(C) \$ 4,950,000 for special education aid for 1980 summer school program payable in fiscal year 1981; and

(D) \$ 1,014,300 for aid pursuant to section 124.32, subdivision 5, payable in fiscal year 1981.

Any unexpended balance remaining from the appropriations in clauses (A), (B), (C) or (D) of this subdivision shall cancel. None of the amounts appropriated in clause (A), (B), (C) or (D) shall be expended for a purpose other than the purpose indicated by that clause.

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

Subd. 5. For grants to pilot bilingual education programs pursuant to section 126.41, subdivision 1, there is appropriated:

\$400,000 1980.

Subd. 6. For grants to pilot American Indian language and culture education programs pursuant to section 126.54, subdivision 1, there is appropriated:

\$600,000 1980.

Subd. 7. There is appropriated from the general fund to the department of education for the purposes of section 123.581 the sum of \$1,500,000 to be available until July 1, 1981. Of this amount \$17,000 shall be available for the year ending June 30, 1980 for the employment of one-half professional and one-half clerical employee beyond the existing complement of the department of education; \$17,000 shall be available for the year ending June 30, 1981 for the employment of one-half professional and one-half clerical employee beyond the existing complement of the department; and \$3,000 shall be available until June 30, 1981 for the payment of other necessary expenses incurred in the administration of section 123.581.

Sec. 16. [EFFECTIVE DATE.] *Section 14 of this article shall be effective the day following final enactment.*

ARTICLE IV

COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1978, Section 124.26, Subdivision 1, is amended to read:

124.26 [EDUCATION PROGRAMS FOR ADULTS.] **Subdivision 1.** For evening schools and continuing education programs for adults established for persons over 16 years of age and not in attendance upon regular day schools, the state shall compensate any district maintaining such programs in accordance with requirements established by the state board from funds appropriated for that purpose, or such funds combined with federal funds insofar as federal funds are available. The state shall pay these aids on a current funding basis. The portion of such compensation from state appropriation shall be 90 percent of the compensation paid each teacher for his services in such programs up to ~~\$8,000~~ \$18,000 per year for a full time teacher or a prorated amount for a part time teacher based on the costs in that current year. All classes shall be tuition free when taught by teachers subsidized under this section and there shall be no charge for registration, materials and supplies, or G.E.D. tests. Evening school and continuing education programs are defined as those public day or evening school programs which are established for persons over 16 years of age not in attendance at the full time elementary or secondary schools and which qualify such persons for the high school diploma, the high school equivalency certificate or for academic achievement at the secondary level.

Sec. 2. Minnesota Statutes 1978, Section 124.271, is amended by adding a subdivision to read:

Subd. 1a. In fiscal year 1980, the state shall pay the greater of 75 cents per capita or \$5,000 to each school district which is operating a community school program in compliance with the rules promulgated by the state board and which has levied at least the lesser of \$1 per capita or the maximum permissible certified levy for community services pursuant to section 275.125, subdivision 8, clause (1), for use in that year.

Sec. 3. Minnesota Statutes 1978, Section 124.271, Subdivision 2, is amended to read:

Subd. 2. In fiscal year ~~1978~~ 1981 and each year thereafter, the state shall pay ~~50~~ *the greater of 75 cents per capita or \$7,000* to each school district which is operating a community school program in compliance with the rules promulgated by the state board and which has levied at least the lesser of \$1 per capita or the maximum permissible certified levy for community services pursuant to section 275.125, subdivision 8, clause (1), for use in that year.

Sec. 4. Minnesota Statutes 1978, Section 275.125, Subdivision 8, is amended to read:

Subd. 8. (1) In ~~1977~~ 1979, and each year thereafter, a district which has established a community school advisory council pursuant to section 121.88, may levy an amount of money raised by the greater of (A) ~~\$2~~ \$2.50 per capita, or (B) the amount certified pursuant to this subdivision in 1976. These levies shall be used for community services including nonvocational adult programs, recreation and leisure time activity programs, and programs contemplated by sections 121.85 to 121.88. For purposes of computing the levy limitation pursuant to this subdivision, the amount certified pursuant to this subdivision in 1976 shall not reflect reductions pursuant to subdivision 9.

(2) A school district shall be authorized to make a levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to make a levy pursuant to this subdivision.

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

Sec. 5. [DEFICIENCY APPROPRIATION.] *The sum of \$185,677 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1979, for the payment of a deficiency in funds available for aid for adult education pursuant to section 124.26 in that year.*

Sec. 6. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

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

\$829,000 1980

This amount includes \$80,630 for aid for fiscal year 1979 payable in fiscal year 1980, and \$748,370 for aid for fiscal year 1980 payable in fiscal year 1980.

\$908,000 1981

This amount includes \$83,150 for aid for fiscal year 1980 payable in fiscal year 1981 and \$824,850 for aid for fiscal year 1981 payable in fiscal year 1981.

Subd. 3. [G.E.D. REIMBURSEMENT AID.] For G.E.D. reimbursement aid, there is appropriated:

\$75,000 1980,

\$81,000 1981.

Subd. 4. [COMMUNITY EDUCATION AID.] For community education aid, there is appropriated:

\$3,150,000 1980,

\$3,600,000 1981.

Subd. 5. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

ARTICLE V

VOCATIONAL AID PROGRAM

Section 1. Minnesota Statutes 1978, Section 121.21, Subdivision 6, is amended to read:

Subd. 6. The state board for vocational education shall promulgate, pursuant to chapter 15, such rules governing the operation and maintenance of schools so classified as will afford the people of the state an equal opportunity to acquire public vocational and technical education. Rules relating to post-secondary vocational-technical education shall not incorporate the provisions of the state plan for vocational education by reference.

The rules shall provide for, but are not limited to, the following:

(a) The area to be served by each school, which may include one or more districts or parts thereof;

(b) Curriculum and standards of instruction and scholarship;

(c) Attendance requirements, age limits of trainees, and Minnesota non-resident attendance, and the determination of the actual costs of providing individual programs, all to be determined in accordance with the provisions of sections 124.561 to 124.565;

(d) The distribution and apportionment to the local districts of all funds, whether state or federal or other funds, which may be made available to the state board for vocational education for carrying out the purposes of post secondary vocational technical education in accordance with law;

(e) (d) Transportation requirements and payment of aid therefor; and

(f) (e) General administrative matters.

Sec. 2. Minnesota Statutes 1978, Section 124.11, Subdivision 2, is amended to read:

Subd. 2. *Ninety percent of the estimated post-secondary vocational foundation instructional aid shall be paid to districts in 12 equal monthly payments on the 15th of each month beginning July 15, 1976 in July 1979 except that for the 1979-80 school year the first payment shall be made September 15. The commissioner of education shall be authorized to advance payment of instructional aid to a district prior to September 15, 1979. The September 15, 1979 payment shall include the July 15 and August 15, 1979 payments minus any advance payments of instructional aid made. A final ten percent payment shall be made in September 1980 and September 1981 for the previous school years. These payments shall be adjusted to reflect the actual average daily membership for the previous school year. A final ten percent payment shall be made in September 1982 and each year thereafter. This payment shall be adjusted to reflect the actual annual student count for the prior school year. For the 1979-80 and 1980-81 school years, 90 percent of the estimated post-secondary vocational foundation instructional aid shall be paid on the basis of the prior year's department of education's estimates of the current year's average daily membership adjusted in September, December, March and June to reflect any increases or decreases in enrollment. Beginning with the 1981-82 school year the estimated post-secondary vocational instructional aid shall be paid on the basis of the department of education's estimates of the current year's annual student count, except that the average daily membership and the payments based thereon may be adjusted in September, December, March and June to reflect any increases or decreases in enrollment, pursuant to section 9, subdivision 11 of this article. The September payment in each fiscal year shall be increased or decreased to reflect any deficit or excess in post secondary vocational foundation aid received in the prior fiscal year. The state board for vocational education shall be authorized to transfer excess instructional aid to support services aid pursuant to section 11, subdivision 4 of this article when the board determines that there is an excess of instructional aid.*

Sec. 3. Minnesota Statutes 1978, Section 124.561, Subdivision 2, is amended to read:

Subd. 2. [CURRENT AID.] Beginning July 1, 1975, the state board for vocational education shall not enter into agreements to pay reimbursements but shall be obligated for reimbursement payments incurred in fiscal year 1975. Beginning July 1, 1976, All post-secondary vocational foundation instructional aid and post-secondary vocational categorical, capital expenditure , supply aid, capital expenditure aid, support services aid and debt service aid shall be paid for the current fiscal year in accordance with sections 124.561 to 124.565.

Sec. 4. Minnesota Statutes 1978, Section 124.561, Subdivision 3, is amended to read:

Subd. 3. [ALLOCATIONS.] Before January 1 of each year, post-secondary vocational technical school budgets for the following fiscal year shall be submitted to the state board for vocational education. The state board for vocational education shall approve authorize the budgets allocations of supply aid, support services aid, and capital expenditure aid for each district prior to August 15, 1979 and June 1 of each subsequent year after a consolidated public hearing held pursuant to subdivision 3a. No district shall increase its operating deficit during any fiscal year unless authorized to do so by the state board for vocational education. The state board for vocational education shall promulgate rules and may promulgate emergency rules which establish the approval criteria for budgets, including responsiveness to current and projected manpower needs of population groups to be served in the various geographic areas and communities of the state, particularly disadvantaged and handicapped persons; adequacy of evaluation of programs; and other criteria set forth in the state plan for vocational education allocations of supply aid, support services aid, and capital expenditure aid . The commissioner, in cooperation with the department of finance, shall establish program budget standards by which post secondary vocational-technical schools shall submit financial requests for supply aid, support services aid, and capital expenditure aid .

Sec. 5. Minnesota Statutes 1978, Section 124.561, Subdivision 3a, is amended to read:

Subd. 3a. [HEARING.] The consolidated public hearing held by the state board pursuant to subdivision 3 shall take place with at least six board members present and shall continue until all interested persons, representatives, and organizations have had an opportunity to be heard. Notice of intention to hold the hearing shall be given at least 20 days prior to the date set for the hearing by United States mail to each district submitting a post-secondary vocational school budget budgets for supply aid, support services aid, and capital expenditure aid , to other interested persons, representatives, and organizations who register their names with the commissioner of education for that purpose, and in the state register. The department of education shall make available at least one free copy of the proposed disposition allocations of budgets aids to the appropriate committees of the legislature and to any person requesting it. Unless the commissioner determines that the

use of an audio magnetic recording device is more appropriate, a court reporter shall keep a record at every hearing. A transcript of the hearing record shall be made available upon the request of any person, provided that the request is in writing and the cost of preparing the transcript is borne by the requesting person. After allowing written material to be submitted and added to the hearing record for five days after the public hearing ends, the commissioner of education shall proceed as promptly as possible to write a report containing the *final proposed final disposition allocations of budgets aids*. This report shall contain findings and conclusions based on substantial evidence from the hearing record to support the *final proposed final disposition allocations of aids*. The report shall be available to all affected school districts upon request for at least 15 days before the state board takes final action on the *budgets authorizing allocations of aids*. Any district which is adversely affected by the *final proposed final disposition allocations of budgets aids* may demand and shall be given an opportunity to be heard in support of modification of the proposed *disposition allocations of aids* at the meeting at which the state board takes final action on the *budgets authorizing allocations of aids*; provided, the state board may place reasonable restrictions on the length of time allowed for testimony.

Sec. 6. Minnesota Statutes 1978, Section 124.562, Subdivision 2, is amended to read:

Subd. 2. Membership for pupils in post-secondary vocational-technical schools shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that he has left or has been legally excused; provided that any pupil, regardless of age, who has been absent from school without a legally justifiable excuse for 15 consecutive school days shall be dropped from the roll and classified as withdrawn. No pupil who is counted in average daily membership pursuant to this section shall be counted in average daily membership in any district pursuant to section 124.17, subdivision 2, unless he is eligible to earn foundation aid pursuant to section 120.80 or is attending a post-secondary vocational-technical school course on a part time basis in addition to spending six hours per day in a secondary program. Average daily membership for pupils who are enrolled in post-secondary vocational-technical schools, but not including adult vocational pupils, shall equal (a) the sum for all pupils of the number of days of the school year each pupil is enrolled in a post-secondary vocational-technical school in the district times the number of hours per day each student is enrolled divided by six (b) divided by 175; provided. The number of hours which are counted for average daily membership for any pupil in any one program shall in no event not exceed the number of hours approved by the state board for completion of the program, except that the commissioner may grant a program time extension for a student identified by a local district as disadvantaged or handicapped. The extension shall not exceed ten percent of the approved program length. For a post-secondary vocational-technical school, the normal school year shall be at least the number of session days

required by section 124.19, subdivision 1. In all post-secondary vocational-technical schools, the minimum length of the school day for each pupil, exclusive of the noon intermission, shall be six hours. Exceptions may be made by the local school administration for approved programs to meet individual student needs.

Sec. 7. Minnesota Statutes 1978, Section 124.562, Subdivision 3, is amended to read:

Subd. 3. All funds, whether state, federal, or from other sources, which may be made available to the department of education for carrying out the purposes of post-secondary vocational-technical education shall be apportioned by the state board for vocational education to the various school districts in accordance with law and shall be distributed by the state aids, statistics and research section of the state department of education. ~~All post-secondary vocational foundation and categorical aids shall be paid to the school district where the pupil is in attendance.~~

Sec. 8. Minnesota Statutes 1978, Section 124.562, Subdivision 4, is amended to read:

Subd. 4. Each district providing post-secondary vocational-technical education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these post-secondary vocational-technical education programs. ~~All post-secondary vocational foundation and categorical aids and~~ All funds received pursuant to the levy authorized by section 275.125, subdivision 13, ~~and tuition authorized by section 14 of this article shall be utilized solely for the purposes of post-secondary vocational-technical education programs.~~

Sec. 9. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5621] [POST SECONDARY VOCATIONAL INSTRUCTIONAL AID.] *Subdivision 1. [DEFINITION.] For the purposes of this section the following words, terms and phrases have the meanings ascribed to them.*

Subd. 2. "Post secondary vocational instructional aid" means state and federal funds exclusive of capital expenditure aid, supply aid, support services aid and debt service aid apportioned by the state board of vocational education to local school districts for instructional programs. Post secondary vocational instructional aid shall be utilized solely for the purposes of post secondary vocational education, except for equipment and other capital expenditures.

Subd. 3. "AVTI" means a post secondary area vocational technical institute.

Subd. 4. "Base year" means the second year prior to the current school year for which aid is paid.

Subd. 5. "Instructional program" means a post secondary vocational technical program or course as classified with a six-digit number by the federal office of education, excluding special needs programs and related instruction.

Subd. 6. "Instructional program cost" means the actual expenditure in the base year for an instructional program at an AVTI. Actual expenditures shall be computed as follows:

- (1) instructional salaries; plus
- (2) instructional employee fringe benefits (excluding teachers' retirement and social security); plus
- (3) travel for instructional, administrative and professional development purposes; plus
- (4) purchased services for instructional purposes; plus
- (5) student activities; plus
- (6) other instructional expenses detailed according to the uniform financial accounting and reporting system; minus
- (7) other instructional revenues detailed according to the uniform financial accounting and reporting system.

Subd. 7. "AVTI average instructional program cost" means the instructional program cost of each instructional program at an AVTI divided by the number of full time equivalent licensed instructors teaching that program during the base year at that AVTI.

Subd. 8. "Statewide average instructional program cost" means the total statewide of the AVTI average instructional program costs for an instructional program divided by the number of AVTI's offering that instructional program in the base year.

Subd. 9 "Instructional program allowance" means the total for an AVTI of: (1) the statewide average instructional program cost for each instructional program, multiplied by (2) the number of full time equivalent instructors teaching that program in the base year at that AVTI.

Subd. 10. (i) "AVTI staff compensation weighting" means the ratio of:

(1) The sum of salaries and fringe benefits, excluding teacher retirement and social security, for all full time equivalent licensed instructional staff at a particular AVTI for the three prior years divided by the sum of the number of full time equivalent licensed instructional staff at that AVTI for those three years; divided by

(2) The sum of salaries and fringe benefits, excluding teachers' retirement and social security, for all full time licensed instructional staff for all AVTI's statewide for the three prior years divided by the sum of the number of full time equivalent licensed instructional staff for all AVTI's statewide for those three years.

Subd. 11. (1) "Student growth or decline factor" for the 1979-1980 and 1980-1981 school years means the following ratio, adjusted according to clause (4):

(a) The current year's average daily membership as defined in section 124.562, subdivision 2, for a particular AVTI, divided by:

(b) *The second prior year's average daily membership for that AVTI.*

(2) *Beginning in 1979-1980, each AVTI shall take a count of all full-time equivalent students in attendance on the fifteenth day of each quarter that full-time post secondary vocational programs are offered by that AVTI. These quarterly counts shall be totaled to produce an annual student count.*

(3) *Beginning in the 1981-1982 school year, "student growth or decline factor" means the following ratio, adjusted according to clause (4).*

(a) *The current year's annual student count for a particular AVTI, divided by:*

(b) *The annual student count for the second prior year for that AVTI.*

(4) *If the ratio in (1) or (3) is greater than .95 but less than 1.05 the ratio shall equal 1.0. If the ratio is .95 or less, the ratio shall be adjusted by adding .05. If the ratio is 1.05 or greater, the ratio shall be adjusted by subtracting .05.*

Subd. 12. [INSTRUCTIONAL AID FORMULA.] A district shall receive post secondary vocational instructional aid according to the following formula:

(a) *The instructional program allowance for an AVTI in the base year; multiplied by*

(b) *The AVTI staff compensation weighting for that AVTI; multiplied by*

(c) *117 percent; multiplied by*

(d) *The student growth or decline factor for that AVTI.*

Subd. 13. [LEVY REDUCTION.] For the fiscal year 1980, the amount raised by the discretionary levy allowed by section 275.125, subdivision 13, for collection in fiscal year 1979 shall be subtracted from the instructional aid paid to an AVTI.

Subd. 14. [PAYMENT SCHEDULE.] Instructional aid shall be paid pursuant to section 124.11, subdivision 2.

Sec. 10. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5622] [POST SECONDARY VOCATIONAL SUPPLY AID.] Subdivision 1. [DEFINITIONS.] For the purposes of this section the following words, terms and phrases have the meanings ascribed to them.

Subd. 2. "AVTI" means a post secondary area vocational technical institute.

Subd. 3. "Post secondary vocational supply aid" means state and federal funds exclusive of capital expenditure aid, instructional aid, support services aid and debt service aid apportioned

by the state board for vocational education to local districts for the costs of rents and leases, supplies and materials, and supplies for resale, for all instructional programs, support services and special needs programs. Post secondary vocational supply aid shall be utilized solely for the purposes of post secondary vocational education, except equipment or other capital expenditures.

Subd. 4. [SUPPLY AID ALLOCATION.] [BUDGETS.] Each AVTI shall submit a budget before June 15, 1979 and before January 1 of each year detailing estimated costs for the following fiscal year for each of the following expenditure categories: rents and leases, supplies and materials, and supplies for resale, for all instructional programs and support services including related instruction and special needs programs. Each budget shall also include anticipated revenues from the sales of supplies and services. The department of education shall recommend an allocation of supply aid for each of the expenditure categories and a total allocation of supply aid for each AVTI, after a review of each AVTI budget. The recommendations of the department for the distribution of supply aid shall be reviewed by the state board in a consolidated public hearing pursuant to section 124.561, subdivision 3a. The state board shall authorize an allocation of supply aid for each AVTI and detail recommended levels of spending for each expenditure category.

Subd. 5. [REPORT.] Before October 1, 1979 and before August 1 of each subsequent year, the commissioner shall issue a report on the supply aid allocation to each AVTI. This report shall include recommended aid allocations for each expenditure category and an explanation comparing the amount of the authorized aid allocation to the budget submitted for each AVTI. This report shall be transmitted to the appropriate committees of the legislature and to the directors of the AVTI's.

Subd. 6. [PAYMENT SCHEDULE.] Supply aid shall be paid to districts in equal installments on or before September 15, December 1, March 1, and June 1 for the 1979-80 school year. The state board shall be authorized to make advance payments for supply aid prior to the state board authorization of the supply aid allocations. The September 15 payment shall be adjusted accordingly. Additional supply aid may be distributed on or before March 1 and June 1 if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Beginning with the 1980-81 school year supply aid shall be paid to districts in equal installments on or before August 1, December 1, March 1 and June 1 of each year. Additional supply aid may be distributed on or before March 1 and June 1 of each year if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Sec. 11. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5623] [POST SECONDARY VOCATIONAL SUPPORT SERVICES AID.] *Subdivision 1. [DEFINITIONS.] For the purposes of this section the following words, terms and phrases have the meanings ascribed to them.*

Subd. 2. "AVTI" means a post secondary area vocational technical institute.

Subd. 3. "Post secondary vocational support service aid" means state and federal funds exclusive of capital expenditure aid, supply aid, instructional aid and debt service aid apportioned by the state board for vocational education to local school districts for the costs of support services, including related instruction and special needs programs, enumerated in subdivision 4. Post secondary vocational support services aid shall be utilized solely for the purposes of post secondary vocational education, except equipment or other capital expenditures.

Subd. 4. [SUPPORT SERVICES AID ALLOCATION.] [BUDGETS.] Each AVTI shall submit a budget before June 15, 1979 and before January 1 of each year detailing the estimated costs for the following fiscal year for all support services, including related instruction and special needs programs; support services personnel salary and travel, other purchased services, other support service expenses, and fringe benefits excluding teacher retirement and social security. Each budget shall also include all other anticipated support service revenues. The department of education shall recommend an allocation of support services aid for each of the expenditure categories and a total allocation of support services aid for each AVTI, after a review of each AVTI budget. The recommendations of the department shall be reviewed by the state board in a consolidated public hearing pursuant to section 124.561, subdivision 3a. The state board shall authorize an allocation of support services aid for each AVTI and detail recommended levels of spending for each expenditure category. No aid shall be allocated for any special vocational systemwide support service project or program, excluding regional special needs programs. Current AVTI general fund balances above 15 percent of the prior year's operating expenditures, as defined by the uniform financial accounting and reporting system, shall be taken into account by the state board in making these allocations.

Subd. 5. [REPORT.] Before October 1, 1979 and before August 1 of each subsequent year, the commissioner shall issue a report on the support services aid allocation to each AVTI. This report shall include the recommended aid allocation for each support services expenditure category and an explanation comparing the amount of the authorized aid allocation to the budget submitted for each AVTI. The fund balances used by the state board in determining the support services aid allocations shall be included. This report shall be transmitted to the appropriate committees of the legislature and to the directors of the AVTI's.

Subd. 6. [PAYMENT SCHEDULE.] Support services aid shall be paid to districts in equal installments on or before September

15, December 1, March 1, and June 1 for the 1979-1980 school year. The state board shall be authorized to make advance payments for support services aid prior to the state board authorization of the support services aid allocations. The September 15 payment shall be adjusted accordingly. Additional support services aid may be distributed on or before March 1 and June 1 if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Beginning with the 1980-1981 school year support services aid shall be paid to districts in equal installments on or before August 1, December 1, March 1 and June 1 of each year. Additional support services aid may be distributed on or before March 1 and June 1 of each year if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Sec. 12. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5624] [POST SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID.] *Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following words, terms and phrases have the meanings ascribed to them.*

Subd. 2. "AVTI" means a post secondary area vocational technical institute.

Subd. 3. "Post secondary vocational capital expenditure aid" means state and federal funds exclusive of instructional aid, supply aid, support services aid and debt service aid apportioned by the state board for vocational education to local school districts for the purpose of improving or repairing school sites or equipping, re-equipping, repairing or improving buildings and permanent attached fixtures, as necessary for the conduct of post secondary vocational technical training. Post-secondary vocational capital expenditure aid shall be utilized solely for the purposes enumerated in this section.

Subd. 4. [CAPITAL EXPENDITURE AID ALLOCATION.] [BUDGETS.] Each AVTI shall submit a budget before June 15, 1979 and before January 1 of each year detailing estimated costs for the following fiscal year for equipment and other capital expenditures for all instructional programs and support services, including special needs programs and related instruction. Each budget shall also include anticipated revenues from the sale of equipment and other capital goods. The department of education shall recommend an allocation of capital expenditure aid for each of the expenditure categories and a total allocation of capital expenditure aid for each AVTI, after a review of each AVTI budget. The recommendations of the department for the distribution of capital expenditure aid shall be reviewed by the state board in a consolidated public hearing pursuant to section 124.561, subdivision 3a. The state board shall authorize an allocation of capital expenditure aid for each AVTI and detail recom-

mended levels of spending for each expenditure category. Current AVTI capital expenditure fund balances shall be taken into account by the state board in making these allocations.

Subd. 5. All capital expenditures in excess of \$4,000 shall receive prior approval by the commissioner apart from the budget hearing and aid allocation process.

Subd. 6. [REPORT.] Before October 1, 1979 and before August 1 of each subsequent year, the commissioner shall issue a report on the capital expenditure aid allocation to each AVTI. This report shall include recommended aid allocations for each capital expenditure category and an explanation comparing the amount of the authorized capital expenditure aid allocation to the budget submitted for each AVTI. The fund balances used by the state board in determining the capital expenditure aid allocation shall be included.

Before October 1, 1979 and before August 1 of each subsequent year the commissioner shall also report on the equipment inventory of each AVTI, including original cost, amortization schedule and current value.

These reports shall be transmitted to the appropriate committees of the legislature and to the directors of the AVTI's.

Subd. 7. [PAYMENT SCHEDULE.] Capital expenditure aid shall be paid to districts in equal installments on or before September 15, December 1, March 1, and June 1 for the 1979-1980 school year. The state board shall be authorized to make advance payments for capital expenditure aid prior to the state board authorization of the capital expenditure aid allocations. The September 15 payment shall be adjusted accordingly. Additional capital expenditure aid may be distributed on or before March 1 and June 1 if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Beginning with the 1980-1981 school year capital expenditure aid shall be paid to districts in equal installments on or before August 1, December 1, March 1 and June 1 of each year. Additional capital expenditure aid may be distributed on or before March 1 and June 1 of each year if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Sec. 13. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5625] [POST SECONDARY VOCATIONAL CONTINGENCY FUND.] Subdivision 1. There is established a post secondary vocational contingency fund. This fund shall be used for the implementation costs of new programs and job training for industry when that training is specialized and not available from any other source. The commissioner shall establish rules for the administration of this fund. The rules shall conform, where applicable, to the rules and procedures for the approval of new vocational programs.

Sec. 14. Minnesota Statutes 1978, Section 124.565, is amended to read:

124.565 [POST-SECONDARY VOCATIONAL EDUCATION TUITION.] Subdivision 1. Any Minnesota resident ~~who is under 21 years of age~~ may attend a post-secondary vocational-technical school, provided that the individual meets the entrance requirements for the training course in which enrollment is sought and the school has the room and the facility to receive him.

Subd. 3. Tuition at a post-secondary vocational-technical school for a Minnesota resident pupil shall be ~~two dollars per day for each school day the pupil is enrolled a quarterly charge of \$120 per full-time student. A full refund shall be provided to a student who withdraws on or before the 15th day of the quarter. No refund shall be provided for withdrawal after the 15th day of the quarter.~~

Subd. 3a. *Notwithstanding subdivision 3 there shall be no charge for tuition for a person who, before July 1, 1978, entered active military service in a branch of the armed forces of the United States and who, under the laws in effect at the time of induction or enlistment into the armed forces, would have been eligible to attend a post-secondary vocational-technical school without payment of tuition.*

Subd. 4. Unless covered by a higher education reciprocity agreement relating to nonresident tuition, entered into by the Minnesota higher education coordinating board and approved by the state board for vocational education, tuition at a post-secondary vocational-technical school for a pupil who is not a resident of Minnesota shall be ~~five dollars per day for each school day the pupil is enrolled a quarterly charge of \$300 per full-time student. A full refund shall be provided to a student who withdraws on or before the 15th day of the quarter. No refund shall be provided for withdrawal after the 15th day of the quarter.~~

Sec. 15. Minnesota Statutes 1978, Section 124.566, is amended to read:

124.566 [USE OF POST-SECONDARY VOCATIONAL SUPPORT SERVICES AID APPROPRIATION.] Notwithstanding the provisions of section ~~16.16 or 16A.57~~ or any other law to the contrary, the state board for vocational education may expend amounts appropriated by the legislature for post-secondary vocational ~~categorical support services aid~~ to pay post-secondary vocational ~~foundation instructional aid in any year for the 1979-80 and 1980-81 school years~~ when the appropriation for post-secondary vocational ~~foundation instructional aid~~ is insufficient because of an increase in average daily membership; *or in the 1981-82 school year, and each year thereafter, when the appropriation for post-secondary vocational instructional aid is insufficient because of an increase in the annual student count.* On the date of any expenditure pursuant to this section, the state board shall report the expenditure to the appropriate committees of the legislature.

Sec. 16. Minnesota Statutes 1978, Section 124.572, Subdivision 1, is amended to read:

124.572 [CURRENT FUNDING FOR ADULT VOCATIONAL EDUCATION.] Subdivision 1. The purpose of this section is to change the method of funding adult vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1977, The state shall not reimburse expenditures from the 1976-1977 school year programs, but shall pay aids for the 1977-1978 school year programs and for each year thereafter on a current funding basis.

Sec. 17. Minnesota Statutes 1978, Section 124.572, Subdivision 2, is amended to read:

Subd. 2. In the 1977-1978 school year and thereafter, The state shall pay to any district or cooperative vocational center 75 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's adult vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary travel between instructional sites by adult vocational education teachers. The commissioner may withhold all or any portion of this aid for an adult vocational education program which receives funds from any other source, and in no event shall a district or center receive a total amount of state aid for salaries and travel pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Sec. 18. Minnesota Statutes 1978, Section 124.572, Subdivision 3, is amended to read:

Subd. 3. This aid shall be paid only for services rendered or for travel costs incurred in adult vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board; provided, in 1977-1978 the department may pay this aid for programs operated in accordance with the state plan for vocational education and current state board rules. By 1978-1979, These rules shall provide minimum student-staff ratios required for an adult vocational education program to qualify for this aid. By 1978-1979, Rules relating to adult vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference.

Sec. 19. Minnesota Statutes 1978, Section 124.573, Subdivision 1, is amended to read:

124.573 [CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION.] Subdivision 1. The purpose of this section is to change the method of funding secondary vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1978, The state shall not reimburse expenditures from the 1977-1978 school year programs, but shall pay aids for the 1978-1979 school year programs and for each year thereafter, secondary vocational programs on a current funding basis.

Sec. 20. Minnesota Statutes 1978, Section 124.573, Subdivision 2, is amended to read:

Subd. 2. In the 1978-1979 school year and thereafter, the state shall pay to any district or cooperative center 50 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs. In addition, the state shall pay 50 percent a *pro-rated amount* of the costs of necessary equipment for these programs, in secondary nonvocational and secondary vocational programs, based on the appropriation for this subdivision, not to exceed 40 percent. The state shall pay 50 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers and 50 percent of the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source, and in no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries, equipment and travel which exceeds 100 percent of the amount of its expenditures for salaries, equipment and travel in the program.

Sec. 21. Minnesota Statutes 1978, Section 124.573, Subdivision 3, is amended to read:

Subd. 3. This aid shall be paid only for services rendered or for the costs designated in subdivision 2 which are incurred in secondary vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board or secondary nonvocational programs provided for in subdivision 2. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid, but shall not require any minimum number of program offerings or administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. After July 1, 1980 no aid except aid for equipment shall be paid pursuant to this section for a secondary vocational program in the trade and industrial area which meets for less than 100 minutes on the days when the program is offered. No rules promulgated by the state board pursuant to any statute shall require a district to offer secondary vocational education. Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational

education by reference. This aid shall be paid only for services rendered and for travel costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board for vocational education.

Sec. 22. Minnesota Statutes 1978, Section 124.573, is amended by adding a subdivision to read:

Subd. 6. (a) For the purposes of this section, the following terms have the meanings ascribed to them:

(1) "Secondary non-vocational program" means a senior secondary industrial arts, business and office, or consumer home-making program or course which does not qualify for funding pursuant to subdivision 2 except for aid for equipment.

(2) "Secondary vocational program" means a senior secondary trade and industrial, business and office, or home economics program or course which would otherwise qualify for funding pursuant to subdivision 2.

(3) A secondary vocational program replaces a secondary non-vocational program whenever a secondary non-vocational program is discontinued in a district or a district member of a center and a secondary vocational program is initiated in that district or center and the two programs share similar objectives or provide common or analogous instruction in a skill, competency, occupational field or like area.

(b) No new or additional vocational program shall receive aid pursuant to subdivision 2 except aid for equipment to the extent that the vocational program replaces a non-vocational program.

(c) Prior to June 15 of each year, a school district which receives aid pursuant to subdivision 2 or is a district member of a center which receives aid pursuant to subdivision 2 shall report to the commissioner any secondary non-vocational arts program which it plans to discontinue for the following school year and any new or additional secondary vocational program which it plans to introduce. The commissioner shall prepare and distribute the forms necessary for the reports.

Sec. 23. Minnesota Statutes 1978, Section 124.574, Subdivision 2, is amended to read:

Subd. 2. In the 1978-1979 school year and thereafter, the state shall pay to any district or cooperative center the greater of:

~~(a) 50 to 70 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children ; or~~

~~(b) 50 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children, but not to exceed \$12,000 for the normal school year for each such full time person employed, or a pro rata amount for a part time per-~~

son or a person employed for a limited time; plus an additional five percent of the salaries paid such essential licensed personnel .

Sec. 24. [REPEALER.] *Minnesota Statutes 1978, Sections 124.562, Subdivision 1; 124.563; and 275.125, Subdivision 13 are repealed.*

Sec. 25. [DEFICIENCY APPROPRIATION.] *The sum of \$1,900,000 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1979 for the payment of a deficiency in funds available for aid for secondary vocational education pursuant to section 124.573.*

Sec. 26. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [POST-SECONDARY VOCATIONAL INSTRUCTIONAL AID.] For post-secondary vocational instructional aid, there is appropriated:

\$35,106,900 1980

\$49,400,000 1981

This amount includes \$4,400,000 for aid for fiscal year 1980 payable in fiscal year 1981 and \$45,000,000 for aid for fiscal year 1981 payable in fiscal year 1981.

Subd. 3. [POST SECONDARY VOCATIONAL SUPPLY AID.] For post secondary vocational supply aid there is appropriated:

\$10,498,700 1980,

\$11,186,700 1981.

Subd. 4. [POST SECONDARY VOCATIONAL SUPPORT SERVICES AID.] For post secondary vocational support service aid there is appropriated:

\$15,213,300 1980,

\$20,824,500 1981.

These appropriations are based on the assumption that the state will spend for post secondary vocational support services aid an amount equal to \$6,254,900 in fiscal year 1980 and \$6,886,400 in fiscal year 1981 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

Subd. 5. [POST SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID.] For post secondary vocational capital expenditure aid there is appropriated:

\$8,500,000 1980,

\$9,500,000 1981.

Subd. 6. [POST SECONDARY VOCATIONAL DEBT SERVICE AID.] *For post secondary vocational debt service aid there is appropriated:*

\$7,733,800 1980,

\$7,737,600 1981.

Subd. 7. [POST SECONDARY VOCATIONAL CONTINGENCY FUND.] *For the post secondary vocational contingency fund there is appropriated:*

\$500,000 for the biennium
ending June 30, 1981.

Subd. 8. [ADULT VOCATIONAL EDUCATION AID.] *For adult vocational education aid, there is appropriated:*

\$6,427,510 1980

This amount includes \$586,420 for fiscal year 1979 payable in fiscal year 1980 of which not to exceed \$14,650 is for necessary travel. This amount also includes \$5,841,090 for fiscal year 1980 payable in fiscal year 1980 of which not to exceed \$145,240 is for necessary travel.

\$6,853,710 1981

This amount includes \$649,010 for aid for fiscal year 1980 payable in fiscal year 1981 of which not to exceed \$16,140 is for necessary travel. This amount also includes \$6,204,700 for aid for fiscal year 1981 payable in fiscal year 1981 of which not to exceed \$155,410 is for necessary travel.

None of the amounts appropriated in this subdivision shall be used for any special vocational systemwide support service program or project.

Subd. 9. [ADULT SMALL BUSINESS MANAGEMENT PROGRAMS; ADDITIONAL LOCATIONS.] *For adult vocational education programs in small business management in locations where these programs are not currently being offered or planned there is appropriated:*

\$198,750 1980,

\$360,000 1981.

Subd. 10. [VETERAN FARMER COOPERATIVE TRAINING PROGRAMS.] *For veteran farmer cooperative training programs, there is appropriated:*

\$1,130,000 1980

\$ 651,000 1981

Subd. 11. [SECONDARY VOCATIONAL EDUCATION AID FOR SALARIES AND TRAVEL.] *For secondary vocational education aid for salaries and travel, there is appropriated:*

\$19,468,380 1980

This amount includes \$1,669,890 for fiscal year 1979 payable in fiscal year 1980. This amount also includes \$17,798,490 for fiscal year 1980 payable in fiscal year 1980.

\$20,806,290 1981

This amount includes \$1,997,610 for fiscal year 1980 payable in fiscal year 1981. This amount also includes \$18,828,680 for fiscal year 1981 payable in fiscal year 1981.

None of the amounts appropriated in this subdivision shall be used for any special vocational systemwide support service program or project.

Subd. 12. [SECONDARY VOCATIONAL EDUCATION AND NON-VOCATIONAL EDUCATION AID FOR EQUIPMENT.] *For secondary vocational education and non-vocational education aid for equipment there is appropriated:*

\$1,693,650 1980

This amount includes \$126,000 for fiscal year 1979 payable in fiscal year 1980. This amount also includes \$1,567,650 for fiscal year 1980 payable in fiscal year 1980.

\$1,905,080 1981

This amount includes \$174,180 for fiscal year 1980 payable in fiscal year 1981. This amount also includes \$1,730,900 for fiscal year 1981 payable in fiscal year 1981.

Subd. 13. [AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN.] *For secondary vocational programs for handicapped children pursuant to section 124.574, subdivision 2 there is appropriated:*

\$2,009,300 1980

This amount includes \$160,000 for fiscal year 1979 payable in fiscal year 1980. This amount also includes \$1,849,300 for fiscal year 1980 payable in fiscal year 1980. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$280,000 in fiscal year 1980 of federal money received for vocational education programs pursuant to the vocational education act of 1963, as amended.

\$2,248,200 1981

This amount includes \$205,480 for fiscal year 1980 payable in fiscal year 1981. This amount also includes \$2,042,720 for fiscal year 1981 payable in fiscal year 1981. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$300,000 in fiscal year 1981 of federal money received for vocational education programs pursuant to the vocational education act of 1963, as amended.

Subd. 14. *Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available*

for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

ARTICLE VI

OTHER AIDS, LEVIES AND MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 1978, Section 16.93, is amended to read:

16.93 [SCHOOL DISTRICTS' PLANS AND BUDGETS.]
Subdivision 1. A school district may expend funds for computerization of administrative, instructional, or other activities only after filing annually with the state department of education and the Minnesota educational computing consortium a plan and budget covering such activities and only upon approval thereof by the state department and the Minnesota educational computing consortium. Criteria to be used by the department and the Minnesota educational computing consortium in making its their determinations must include, but are not limited to, the state plan as prepared by the commissioner of administration; policies and programs of the intergovernmental information systems advisory council; Minnesota educational computing consortium; standards for both financial accounts and non-financial statistics pursuant to sections 121.92, subdivision 3 and 121.11, subdivision 5, and cost effectiveness considerations of the department and the Minnesota educational computing consortium. All resulting decisions of the department are to be reported promptly to the commissioner of administration and the intergovernmental council. To the extent permitted by available resources, the commissioner of administration may furnish staff and other assistance to the department of education and the Minnesota educational computing consortium in conjunction with its their performance of the duties imposed by this section.

Subd. 2. A regional management information center, created pursuant to section 471.59 to provide computerization to two or more school districts, shall file an annual plan and budget on behalf of its member districts. Before a regional management information center may be finally constituted, it shall first apply for and receive approval from the department of education and the Minnesota educational computing consortium. Criteria to be used by the department and the Minnesota educational computing consortium in making their determination shall include, but are not limited to, the state plan prepared by the Minnesota educational computing consortium and cost-effectiveness considerations of the department and the Minnesota educational computing consortium.

Sec. 2. Minnesota Statutes 1978, Section 120.075, is amended to read:

120.075 [ATTENDANCE; PREVIOUS ENROLLMENT; FAMILIES.] *Subdivision 1. (a) Any pupil who, pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, was enrolled on January 1, 1978, in a school district of which he was not a resident may continue in enrollment in that district.*

(b) Any nonresident pupil, enrolled on January 1, 1978 in a non-public school, as defined in section 123.932, subdivision 3, located in a district of which he was not a resident who would have otherwise qualified for enrollment in that district as a resident pursuant to clause (a) may attend the public schools of that district as a resident.

This provision (c) Clauses (a) and (b) shall also apply to any brother or sister of that enrolled pupil who is related to that pupil by blood, adoption or marriage and to any foster child of that pupil's parents. The enrollment of that pupil or of the other qualified members of his family shall remain subject to the provisions of those sections in clause (a) as they read on January 1, 1978. Any district which had a pupil enrolled on January 1, 1978, pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, shall report this fact to the commissioner prior to August 15, 1978.

Sec. 3. [121.495] [BASIC SKILLS TECHNICAL ASSISTANCE PROGRAM.] *Subdivision 1. [PURPOSE.] The legislature finds that all school children have a right to achieve their full educational potential and that each student should have the opportunity to receive instruction in the basic skills of listening, speaking, reading, writing and mathematics so that students of all socio-economic backgrounds may function satisfactorily in a democratic society. It is the purpose of this section to provide technical assistance in basic skills instruction to school districts and nonpublic schools.*

Subd. 2. [DEFINITION.] For the purpose of this section, the terms defined in this subdivision have the meanings given them:

(a) "Basic skills" means the skills of listening, speaking, reading, writing and mathematics.

(b) "Technical assistance" means any assistance provided by the department of education through the regional basic skills director to assist a school district or nonpublic school to: (i) assess the basic skills needs of its pupils; (ii) plan instructional programs and select instructional materials to meet those needs; (iii) choose effective methodologies for the programs; and (iv) evaluate the progress of its students in acquiring basic skills.

Subd. 3. [REGIONAL TECHNICAL ASSISTANCE.] (a) The department of education, in cooperation with the educational cooperative service units, shall provide technical assistance in basic skills instruction to public school districts and nonpublic schools.

(b) *The commissioner of education shall establish a basic skills section which shall include at least one regional basic skills director for each educational cooperative service unit. The commissioner may increase the approved complement of the department of education by not more than 13 professional positions including the regional basic skills directors, to staff the basic skills unit.*

(c) *Each regional director shall provide technical assistance to those school districts and nonpublic schools in the region which choose to participate in the basic skills technical assistance program.*

(d) *School districts and nonpublic schools which participate in the basic skills technical assistance program shall establish and maintain a comprehensive basic skills program for their school district or nonpublic school.*

(e) *A school district or nonpublic school which participates in the basic skills technical assistance program may establish a basic skills advisory committee to assist it in establishing and maintaining a basic skills program. A school district may designate the curriculum advisory committee established pursuant to Minnesota Statutes, Section 123.741, Subdivision 3, as the basic skills advisory committee.*

Subd. 4. [REPORT.] Before January 15, 1981 the commissioner of education shall make a report to the education committees of the legislature describing and evaluating the basic skills technical assistance program.

Sec. 4. Minnesota Statutes 1978, Section 121.49, is amended to read:

121.49 [ITEMIZATION OF AMOUNT OF AID TO DISTRICTS.] *Subdivision 1. The department of education shall itemize for each school district in the state the total amount of money and the amount of money per pupil unit which accrues to the district for each fiscal year from each type of state and federal aid, refund, payment, credit, disbursement or monetary obligation of any kind, including but not limited to each special state aid, emergency aid, payments in lieu of taxes, and pension and retirement obligations for the benefit of personnel of the district. State agencies which have information necessary for the itemization required by this section shall provide the information to the department of education. The completed itemizations shall be made available reported to the appropriate standing committees of the legislature in convenient reference form not later than December 1 following the year for which they are made.*

Subd. 2. If the report required for the 1979-1980 school year and each year thereafter is not received by the appropriate standing committees of the legislature by July 1 in the year following the year for which the report is made, the commissioner of education and the department of education shall not be authorized to expend any funds for any purpose, other than the distribution of aids to school districts, until the report is received.

Sec. 5. Minnesota Statutes 1978, Section 121.904, Subdivision 11b, is amended to read:

Subd. 11b. (1) Each district affected by the provisions of subdivision 11a shall account for and expend according to the provisions of this subdivision the total amount by which its 1976 payable 1977 and its 1977 payable 1978 permissible levies pursuant to section 275.125 were reduced on account of payments pursuant to sections 294.21 or 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties. Notwithstanding the provisions of section 124.212, subdivision 8a, clause (2) and the provisions of section 275.125, subdivision 9, clause (2) or any other law to the contrary, this total amount shall not be applied to reduce the foundation aid which the district is entitled to receive pursuant to section 124.212 or again be applied to reduce the permissible levies of the district.

(2) The lesser of the amount in (1) or an amount equal to \$200 times the pupil units in the district computed pursuant to section 124.17 for the 1977-1978 school year shall be reflected in an "appropriated fund balance reserve account for current use of taconite payments" which shall be established in the general fund. Each school year, beginning in 1978-1979, each affected district shall transfer an amount equal to \$20 times the number of pupil units in the district in 1977-1978 out of this account into other operating accounts in the general fund, until the amount transferred equals the amount originally reflected in the reserve account; provided that in the last year in which the district is required to make this transfer, it shall transfer the balance of the reserve account, not to exceed an amount equal to \$20 times the number of pupil units in the district in 1977-1978. Notwithstanding the provisions of section 121.917, each affected district may use the amount so transferred each year to increase its expenditures above the amount it would otherwise be authorized to expend in that school year.

(3) Of the amount in (1), any amount not reflected in the account established pursuant to clause (2) shall be reflected in the district's appropriated fund balance reserve account for purposes of reducing statutory operating debt, if the district has established this account pursuant to section 275.125, subdivision 9a. The June 30, 1977 statutory operating debt of the district shall be reduced by the amount so reflected and shall be recertified accordingly by the commissioner.

(4) Notwithstanding the provisions of section 121.912, any portion of the amount in (1) remaining after the application of clauses (2) and (3) shall be transferred to the district's capital expenditure fund; *provided that before July 1, 1979 not exceeding \$75,000 of the amount transferred to the capital expenditure fund pursuant to this clause may be transferred to the district's general fund.*

Sec. 6. Minnesota Statutes 1978, Section 121.917, is amended by adding a subdivision to read:

Subd. 4. (1) If the net negative unappropriated fund balance in all the funds of a school district, other than statutory operating debt pursuant to section 121.914, capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated in accordance with the uniform financial accounting and reporting system for Minnesota school districts, as of June 30, 1980, and each year thereafter, is more than two and one-half percent and not greater than ten percent of the year's expenditure amount, the district shall, prior to September 15, submit a special operating plan to reduce the district's deficit expenditures to the commissioner of education for his approval.

Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved by the commissioner shall not receive any aid pursuant to chapter 124 until a special operating plan of the district is so approved.

(2) If the net negative unappropriated fund balance in all the funds of a school district, other than capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated in accordance with the uniform financial accounting and reporting system for Minnesota school districts, as of June 30, 1980, and each year thereafter, is greater than ten percent of the year's expenditure, the district shall, prior to September 15, submit a special operating plan to reduce the district's deficit expenditures to the commissioner and to the committees on education of the senate and the house of representatives. The commissioner shall provide the committees on education of the senate and the house of representatives with a written detailed evaluation of the special operating plan submitted pursuant to this clause. The special operating plan shall be approved or disapproved by a joint meeting of the committees on education of the senate and the house of representatives. Notwithstanding any law to the contrary, a district required to submit a plan under this clause which is disapproved by a majority vote at the joint committee meeting shall not receive any aid pursuant to chapter 124 until a special operating plan of the district is so approved.

(3) A district shall receive aids pending the approval of its special operating plan under clauses (1) or (2). A district which complies with its approved operating plan shall receive aids as long as the district continues to comply with the approved operating plan.

Sec. 7. Minnesota Statutes 1978, Section 121.92, is amended to read:

121.92 [MANDATORY UTILIZATION OF COMPUTER SYSTEMS; APPEAL.] Subdivision 1. School districts shall report student, personnel and other data defined by the department of education through a regional service center. They shall utilize software designated by the department for reporting this data.

Subd. 2. On or before July 1, 1980, all Minnesota school districts shall convert financial accounting and reporting operations to a computer based financial management accounting and reporting system utilizing regional or other computing facilities approved pursuant to section 16.93, subdivision 2 and utilizing multi-dimensional accounts and records defined in accordance with the uniform financial accounting and reporting system for Minnesota school districts.

Subd. 2 3. After July 1, 1980, participation in a computer based financial management accounting and reporting system shall be mandatory. The form of this participation shall be appealable to the commissioner.

Sec. 8. Minnesota Statutes 1978, Section 123.702, Subdivision 1, is amended to read:

123.702 [SCHOOL BOARD RESPONSIBILITIES.] Subdivision 1. Every school board shall provide for a voluntary health and developmental screening program for children once before entering kindergarten; ~~provided, this section shall not be construed to require school boards to screen children who enter kindergarten during fiscal year 1978.~~ 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 and family education programs, or by other existing programs. No school board may make this screening examination a mandatory prerequisite to enroll a student. ~~In fiscal years 1978 and 1979, The screening programs shall include at least the following components to the extent the school board determines they are financially feasible: developmental assessments, hearing and vision screening, dental assessments, and the review of health history and immunization status. In fiscal year 1979, the screening programs shall include at least the following additional components to the extent the school board determines they are financially feasible, laboratory tests and nutritional and physical assessments.~~ All screening components shall be consistent with the standards of the state commissioner of health for early and periodic screening programs. No child shall be required to submit to any component of this screening program to be eligible for any other component. *No early childhood screening program shall provide laboratory tests, a health history or a physical exam 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 the results of any laboratory test, health history or physical examination within the 12 months preceding a scheduled early childhood health screening clinic.*

Sec. 9. Minnesota Statutes 1978, Section 123.702, is amended by adding a subdivision to read:

Subd. 7. In selecting personnel to implement the early childhood screening program, the school district shall give priority first to qualified volunteers and second to persons possessing the min-

imum qualifications required by the rules adopted by the state board of education and the commissioner of health.

Sec. 10. Minnesota Statutes 1978, Section 123.703, Subdivision 1, is amended to read:

123.703 [STATE BOARD OF EDUCATION AND STATE COMMISSIONER OF HEALTH; RESPONSIBILITIES.] Subdivision 1. School boards shall administer the screening programs pursuant to rules adopted by the state board of education. *In order to implement the programs for the 1977-1978 school year, the state board shall, no later than August 15, 1977, adopt emergency rules in accordance with section 15.0412, subdivision 5. Prior to the adoption of the rules and emergency rules, the state board shall solicit information or opinions pursuant to section 15.0412, subdivision 6. The notice of proposed rule making shall be published in the state register no later than August 1, 1977, and copies of the proposed rules and emergency rules shall be sent to the state commissioner of health and each school board in the state on or before the date of publication. The state board of education shall consider the standards employed by the state commissioner of health for early and periodic screening programs in drafting the proposed rules. The rules adopted by the state board of education and the commissioner of health to govern the early childhood screening program shall unconditionally permit registered nurses to perform those components of the screening program that can be performed by a nurse.*

Sec. 11. Minnesota Statutes 1978, Section 123.703, Subdivision 3, is amended to read:

Subd. 3. The state board of education, in cooperation with the state commissioner of health, shall report to the legislature by February 1, ~~1979~~ 1980, on the results of the screening programs in accomplishing the purposes specified in section 123.701. *The report shall include information on the rates of children's participation in screening programs, on districts' costs for implementing the various components of the screening program, and on any exemptions granted from screening requirements because of financial infeasibility.*

Sec. 12. Minnesota Statutes 1978, Section 123.705, is amended to read:

123.705 [STATE AID.] The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed ~~\$13~~ \$25 per child screened in fiscal year ~~1978~~ 1980 and ~~\$23~~ \$27 per child screened in fiscal year ~~1979~~ 1981. Any district may request and receive an advance payment equal to 50 percent of its estimated payment for screening eligible children.

Sec. 13. Minnesota Statutes 1978, Chapter 123, is amended by adding a section to read:

[123.9351] [MOBILE UNITS.] *Subdivision 1. [DEFINITION.] For the purposes of this section, "mobile unit" includes a trailer and is a neutral site as defined in section 123.932, subdivision 9.*

Subd. 2. Notwithstanding Minnesota Statutes, Section 124.212, Subdivision 9b, or any other section, for the 1979-1980 and 1980-1981 school years the commissioner of education shall make grants to 20 school districts for the experimental use of mobile units to provide any of the following programs and services to public and nonpublic school pupils: health services and guidance and counseling services as defined in section 123.932, subdivisions 10 and 11 and in accordance with the provisions of section 123.935; and special instruction and services for handicapped children, as defined in section 120.03, including diagnostic and health services, as required pursuant to section 120.17. Any pupil support service which a district offers through the mobile unit pursuant to this subdivision to public school pupils it shall also offer through the mobile unit to nonpublic school pupils who have requested these services pursuant to section 123.935.

Subd. 3. A district may use the grant funds to purchase or rent a mobile unit, to staff, remodel, equip and operate it and to pay for any costs incurred in providing the authorized programs and services.

Subd. 4. The commissioner shall prescribe the form, manner and time of application for the grants and shall select the participating school districts.

Subd. 5. The programs and services authorized by subdivision 1 shall be provided by public employees at neutral sites not physically or educationally identified with the functions of a nonpublic school. The programs and services provided to nonpublic school pupils shall be limited to those for which the district provides equivalents, through the mobile unit program or otherwise, to public school pupils. The amount a district spends through the mobile unit program and otherwise for a program or service to nonpublic school pupils shall be no greater on a per pupil basis than the amount it spends through the mobile unit program and otherwise for the equivalent program or service for public school pupils.

Subd. 6. A district receiving a grant shall report to the commissioner of education by August 1, 1981 on the effectiveness of the mobile unit program in the district. The commissioner shall report to the education committees of the legislature on the effectiveness of the program by December 1, 1981.

Sec. 14. Minnesota Statutes 1978, Section 123.937, is amended to read:

123.937 [APPROPRIATION.] There is appropriated annually to the department of education from the general fund of the state treasury the sum of ~~\$2,479,200~~ \$3,250,000 for the purposes of sections 123.931 to 123.937.

Sec. 15. Minnesota Statutes 1978, Chapter 124, is amended by adding sections to read:

[124.181] [REORGANIZATION GUARANTEE FORMULA.]
Subdivision 1. For the purposes of this section, the words defined in this subdivision have the meanings given them.

(a) "Reorganized district" means a district organized pursuant to section 122.23 in the 1979-1980 school year or thereafter.

(b) "Reorganization guarantee year" means the school year listed in subdivision 2 which a reorganized district or each of the districts which have agreed to form the reorganized district shall use as a base year for the calculation of its reorganization guarantee pupil units.

(c) "Reorganization guarantee pupil units" means the total number of pupil units in the reorganization guarantee year computed exclusively according to section 124.17, subdivision 1, clause (1) or (2), either (i) in all of the previous districts which formed the reorganized district, when the reorganization guarantee formula is used by the reorganized district, or (ii) in the particular district which has agreed to form the reorganized district, when the reorganization guarantee formula is used by that district.

(d) "Reorganization guarantee formula" shall mean the difference between the number of reorganization guarantee pupil units and the number of pupil units in a district for the current school year computed exclusively according to section 124.17, subdivision 1, clause (1) or (2). The number of pupil units calculated according to the reorganization guarantee formula shall be in addition to the number of pupil units computed for a district pursuant to section 124.17.

Subd. 2. After a county auditor has issued an order, pursuant to section 122.23, subdivision 13, for a reorganization, the reorganization guarantee formula shall apply in accordance with the terms of this section. The reorganization guarantee formula shall be used by the reorganized district or by the districts which shall form the reorganized district for a combined total of five school years. The reorganization guarantee formula shall be used beginning with the school year after the school year in which the order setting a date for a reorganization is issued provided that the effective date for reorganization in the order is not more than five years after the date of issuance of the order. For a school year prior to the school year the reorganized district begins operation, each district which will form part of the reorganized district shall calculate its pupil units according to the reorganization guarantee formula in subdivision 1. For a school year during or after which the reorganized district begins operation, the reorganized district shall calculate its pupil units according to the reorganization guarantee formula. The reorganization guarantee year shall be:

(a) The 1974-1975 school year if the reorganization order was issued in the 1979-1980 school year;

(b) The 1975-1976 school year if the reorganization order was issued in the 1980-1981 school year;

(c) The 1976-1977 school year if the reorganization order was issued in the 1981-1982 school year;

(d) The 1977-1978 school year if the reorganization order was issued in the 1982-1983 school year; and

(e) The 1978-1979 school year if the reorganization order was issued in the 1983-1984 school year.

Subd. 3. Once a district receives aid pursuant to this section, the decision of the districts to consolidate is irrevocable.

Sec. 16. Minnesota Statutes 1978, Section 124.14, is amended to read:

124.14 [DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.] Subdivision 1. The state board shall supervise distribution of the school aids in accordance with law. It may make rules and regulations consistent with law for such distribution which will enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for such reports and accounts to it as will assure accurate and lawful apportionment of aids.

Subd. 2. If the commissioner determines that the amount of state aid distributed to a school district is in error, he is authorized to adjust the amount of aid consistent with this subdivision. If the commissioner determines that the amount of aid is in excess of the school district's entitlement, he is authorized to recover the amount of the excess by any appropriate means, including the reduction of future aid payments to the school district. Notwithstanding any law to the contrary, if the aid reduced is not of the same type as that overpaid, the school district shall adjust all necessary financial accounts to properly reflect all revenue earned in accordance with the uniform financial accounting and reporting standards pursuant to sections 121.90 to 121.92. If the commissioner determines that the amount of an aid paid is less than the school district's entitlement, he is authorized to increase such aid from the current appropriation.

Subd. 3. The commissioner shall require that the membership and pupil unit count of a minimum of 25 school districts be audited each fiscal year. The audits shall be conducted at random throughout the state with no prior notice to any district. At the time of each audit, the auditors shall also examine the appropriate factors that related to the determination of the authorized transportation costs and aids for that district. In districts where a post-secondary vocational-technical school is located, the audit shall include an audit of the membership of that school. Disparities between membership and pupil unit counts or transportation data reported by the school districts and those found by the auditors shall be reported to the commissioner who shall order an increase or reduction of foundation or transportation aids accordingly.

Subd. 4. A reduction of foundation or transportation aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district are open to inspection by the state auditor, or the state board.

Subd. 2. 5. There is annually appropriated from the general fund to the department of education the amounts necessary for foundation aid and transportation aid. These amounts shall be reduced by the amount of any funds specifically appropriated for the same purpose in any year from any state fund.

Sec. 17. Minnesota Statutes 1978, Section 124.646, Subdivision 1, is amended to read:

124.646 [SCHOOL LUNCH AID.] Subdivision 1. (a) For the 1979-1980 school year, school districts shall be paid by the state in the amount of four and nine-tenths cents for each full paid student type "A" lunch served to students in the district. (b) For the 1980-1981 school year, school districts shall be paid by the state in the amount of five and three-tenths cents for each full paid student type "A" lunch served to students in the district.

Sec. 18. Minnesota Statutes 1978, Section 125.61, Subdivision 4, is amended to read:

Subd. 4. The early retirement incentive shall be paid by the employing school district in four equal successive monthly installments commencing on November 1 of the year of retirement at the time and in the manner mutually agreed upon by a teacher and the board. The state shall reimburse the district for 25 percent of any amount or amounts paid out as an early retirement incentive pursuant to this section, according to the provisions of subdivision 6. An early retirement incentive shall not be paid to any teacher who is discharged by a school district.

Sec. 19. Subdivision 1. Notwithstanding Minnesota Statutes, Section 475.61, Subdivision 4, the board of Independent School District No. 706, Virginia, may transfer the surplus amount remaining in the district's debt service fund after all outstanding obligations and interest thereon are paid, but not to exceed \$290,000, from the debt service fund to the district's capital expenditure fund, for the purpose of paying for improvements to the district's sites and buildings for fuel and energy conservation.

Subd. 2. Notwithstanding Minnesota Statutes, Section 475.61, Subdivision 4, the amount of the surplus remaining in the district's debt service fund after all outstanding obligations and interest thereon are paid which is transferred to the district's capital expenditure fund pursuant to section 1 shall not be used to reduce the maintenance levy authorized pursuant to Minnesota Statutes, Section 275.125, Subdivision 2a.

Subd. 3. The authority to transfer funds which is given by section 1 shall expire when Independent School District No. 706 has

transferred \$290,000 from its debt service fund to its capital expenditure fund for the purpose provided in section 1.

Subd. 4. This section shall be effective upon its approval by the board of Independent School District No. 706 and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 20. Subdivision 1. *In accordance with Minnesota Statutes, Sections 121.912, Subdivision 1, and 121.21, Subdivision 4a, Independent School District No. 152, Moorhead, may transfer from the general fund of the post secondary vocational technical school to its capital expenditure fund an amount not to exceed \$180,000. The amount so transferred is appropriated for the purpose of the construction of an agricultural shop addition to the Moorhead area vocational-technical school. Independent School District No. 152 shall not spend more than \$180,000 for the construction of the addition.*

Subd. 2. The authorization for the transfer of funds made in subdivision 1 shall last until Independent School District No. 152 has transferred \$180,000 from the general fund of the post secondary vocational technical school to its capital expenditure fund for the construction of the agricultural shop addition to the Moorhead area vocational-technical school or until the completion of the addition, whichever comes first.

Sec. 21. Subdivision 1. *In accordance with Minnesota Statutes, Sections 121.912, Subdivision 1, and 121.21, Subdivision 4a, Independent School District No. 22, Detroit Lakes, may transfer from its post-secondary vocational general fund to its post-secondary vocational capital expenditure fund an amount not to exceed \$500,000. The amount so transferred is appropriated for the purpose of the construction of a truck diesel mechanic shop and cold storage for the area vocational-technical school.*

Subd. 2. The authorization for the transfer of funds made in section 1 shall last until Independent School District No. 22 has transferred \$500,000 from its post-secondary vocational general fund to its post-secondary vocational capital expenditure fund for the purposes specified in section 1 or until the completion of the construction for which the transfer is authorized, whichever comes first.

Sec. 22. [GRANTS FOR COOPERATIVE AGREEMENTS BETWEEN SECONDARY SCHOOLS.] *For the 1979-1980 and 1980-1981 school year, the department of education may make grants to school districts for the study, evaluation and start-up costs involved in developing an agreement pursuant to any law which permits the discontinuance in a district of grades or a portion of grades and which affects any of grades 7 through 12.*

Sec. 23. [PROGRAM FOR THE GIFTED AND TALENTED.] *Subdivision 1. [CITATION.] This section may be cited as the "Education for the Gifted and Talented Act".*

Subd. 2. [AUTHORIZATION.] There is hereby established a program of state aid for gifted and talented students.

Subd. 3. [AID.] A district which establishes a program for gifted and talented students shall receive for the purpose of this section an amount equal to \$30 times the number of gifted and talented students in the district. No more than two and one-half percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the funds received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

Subd. 4. [REPORT.] The department shall submit a report to the 1981 legislature evaluating the effectiveness of the education for the gifted and talented act.

Sec. 24. Minnesota Statutes 1978, Section 275.125, Subdivision 11a, is amended to read:

Subd. 11a. (a) A school district may levy an amount not to exceed the amount equal to \$75 per pupil unit or, in districts where the pupil unit count is increased pursuant to section 124.17, subdivision 1, clause (7), \$80 per pupil unit. For purposes of computing allowable levies under section 275.125, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7). No levy under this subdivision shall exceed 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year, notwithstanding the provisions of sections 272.64 and 275.49.

(b) The proceeds of the tax may be used only to acquire land, to equip and reequip buildings and permanent attached fixtures, and to pay leasing fees for computer systems hardware ; ~~computer terminals~~ and related proprietary software and to pay leasing fees for photocopy machines and telecommunications equipment ; and related proprietary software services . The proceeds of the tax may also be used for capital improvement and repair of school sites, buildings and permanent attached fixtures, energy assessments as required pursuant to section 116H.126, and for the payment of any special assessments levied against the property of the district authorized pursuant to section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, including but not limited to those described in section 429.101, whether levied pursuant to that section or pursuant to any other law or home rule provision. The proceeds of the tax may also be used for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped individuals.

(c) Subject to the commissioner's approval, the tax proceeds may also be used to rent or lease buildings for school purposes and to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the renting or leasing of buildings for school purposes and the ac-

quisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal with respect to the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(d) The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

(e) The proceeds of the tax shall not be used for custodial or other maintenance services.

Sec. 25. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 4a. The amount a district may levy under subdivision 4 to pay the district's obligations pursuant to section 268.06, subdivision 25, shall not exceed one-half the amount paid or owing for a teacher placed on an unrequested leave of absence under section 125.12, subdivision 6a or 6b, terminated pursuant to section 125.17, subdivision 11, or during the probationary period, at the close of a school year if the district rehires the teacher for the next school year.

Sec. 26. Minnesota Statutes 1978, Section 465.72, is amended to read:

465.72 [SEVERANCE PAY.] Except as may otherwise be provided in Laws 1959, Chapter 690, as amended, all counties, cities, townships and school districts are hereby authorized and empowered to pay severance pay to all of its employees and to establish, prescribe and promulgate provisions, rules and regulations for the payment of such severance pay upon leaving employment prior to the normal retirement date. Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits, and shall be paid *in a manner mutually agreeable to the employee and employer* over a period not to exceed five years from termination of employment. In the event that a terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. In no event shall severance pay provided for an employee *except a teacher as defined in section 179.63, subdivision 13*, leaving employment exceed an amount equivalent to 100 days pay. *Severance pay for a teacher as defined in section 174.63, subdivision 13, shall not exceed an amount equivalent to one year of pay.*

Sec. 27. Minnesota Statutes 1978, Section 471.38, is amended by adding a subdivision to read:

Subd. 3. [ELECTRONIC FUNDS TRANSFER.] Electronic funds transfer is the process of value exchange via mechanical means without the use of checks, drafts or similar negotiable instruments. A school district may make an electronic funds trans-

fer for a claim for a payment from an imprest payroll bank account or investment of excess money and for payment of bond principal, bond interest and a fiscal agent service charge from the debt redemption fund. This authorization extends only to a school district which has enacted all of the following policy controls:

(a) The school board shall annually delegate the authority to make electronic funds transfers to a designated business administrator;

(b) The dispersing bank shall keep on file a certified copy of the delegation of authority;

(c) The initiator of the electronic transfer shall be identified;

(d) The initiator shall document the request and obtain an approval from the designated business administrator before initiating the transfer;

(e) A written confirmation of the transaction shall be made no later than one business day after the transaction and shall be used in lieu of a check, order check or warrant required to support the transaction;

(f) A list of all transactions made by electronic funds transfer shall be submitted to the school board at its next regular meeting after the transaction.

Sec. 28. [APPROPRIATION.] There is appropriated from the general fund to the department of education the sum of \$75,000 for the year ending June 30, 1980, and the sum of \$25,000 for the year ending June 30, 1981. The department shall pay this sum to Independent School District No. 625 for its career study centers programs upon receipt of a resolution by the school board of that district that (1) it will establish and maintain an account separate from all other district accounts for the receipt and disbursement of all funds related to these career study center programs, (2) that the full foundation aid formula allowance per pupil unit attributable to each student enrolled in a career studies program, including that portion earned pursuant to Minnesota Statutes, Section 124.17, Subdivision 1, Clauses (4) and (5), will be deposited by the district in that account, and (3) that the moneys deposited in that account shall be used solely for the purposes of the career study centers programs. For the purposes of this section, the foundation aid formula allowance per pupil unit for Independent School District No. 625 shall be \$1,182 for the 1979-1980 school year and \$1,265 for the 1980-1981 school year.

Sec. 29. For certain Indian education programs there is appropriated to Independent School District No. 309—Pine Point school, the sum of \$125,000 to be available July 1, 1979 and an additional \$125,000 to be available July 1, 1980, but only if there will not be available for the district for the respective 1979-1980 or 1980-81 school year any operational support funds from the federal bureau of Indian affairs pursuant to the Johnson-O'Malley Act, P.L. 73-167 or 25 CFR 273.31, or equivalent money from the same or another source.

This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission in the manner provided in section 3.30. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements.

Sec. 30. [INDEPENDENT SCHOOL DISTRICTS NOS. 836 AND 840; TRANSFER OF PROPERTY.] *Subdivision 1. All the land located within the Southwest one-quarter (SW- $\frac{1}{4}$) of Section nineteen (19), Township one hundred-five (105), Range thirty-two (32), is detached from Independent School District No. 836 (Butterfield-Odin) and is annexed to Independent School District No. 840 (St. James). The property transferred by this subdivision shall not be taxable on or after the effective date of the transfer for the payment of any bonded indebtedness, debt service, or capital loan incurred prior to the transfer by Independent School District No. 836, but shall be taxable for the payment of all bonded indebtedness, debt service, and capital loans incurred by Independent School District No. 840 prior to or after the transfer.*

Subd. 2. All the land located within the Southwest one-quarter (SW- $\frac{1}{4}$) of Section eighteen (18), Township one hundred-five (105), Range thirty-two (32), is detached from Independent School District No. 840 (St. James) and annexed to Independent School District No. 836 (Butterfield-Odin). The property transferred by this subdivision shall not be taxable on or after the effective date of the transfer for the payment of any bonded indebtedness, debt service or capital loan incurred prior to the transfer by Independent School District No. 840, but shall be taxable for payment of all bonded indebtedness, debt service, and capital loans incurred by Independent School District No. 836 prior to or after the transfer.

Subd. 3. [EFFECTIVE DATE.] This section shall be effective upon its approval by resolutions adopted by a majority of all members of the school board of Independent School District No. 836 and by a majority of all members of the school board of Independent School District No. 840, and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 31. [INDEPENDENT SCHOOL DISTRICT NO. 279; BOND ISSUE.] *Subdivision 1. Independent School District No. 279, Hennepin County, Minnesota, whose principal office is in the city of Osseo, in issuing the bonds authorized by the voters of the district on April 3, 1979, may establish a serial maturity schedule for the bonds which, individually or in combination with the maturities of any other designated issue or issues, will conform to the provisions of Minnesota Statutes, Section 475.54, Subdivision 1, without retiring outstanding state loans to the district, and without conforming to the provisions of subdivision 2 of said section relating to school districts having outstanding state loans.*

Subd. 2. [EFFECTIVE DATE.] This section shall be effective upon its approval by the school board of Independent School Dis-

trict No. 279 and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 32 [REPEALER.] *Minnesota Statutes 1978, Section 123.938, Subdivision 7, is repealed.*

Sec. 33. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] *For educational cooperative service units, there is appropriated:*

\$535,000 1980.

Funds from this appropriation shall be transmitted to an ECSU board of directors in the amount of \$48,636 per ECSU as defined in section 123.58, except that the ECSU whose boundaries coincide with the boundaries of region 11 shall receive \$97,272 for 1980.

\$572,450 1981.

Funds from this appropriation shall be transmitted to an ECSU board of directors in the amount of \$52,040 per ECSU as defined in section 123.58, except that the ECSU whose boundaries coincide with the boundaries of region 11 shall receive \$104,080 for 1981.

Subd. 3. [EDUCATIONAL COOPERATIVE SERVICE UNITS PLANNING AND TECHNICAL ASSISTANCE.] *For planning and technical assistance to school districts provided by the educational cooperative service units, there is appropriated:*

\$440,000 1980

\$440,000 1981

Funds from this appropriation shall be used for the purpose of providing the educational cooperative service units with funds so that they may (a) supply planning and evaluation technical assistance to school districts, and (b) operate a data base to aid decision making at the school district and regional levels. The department of education shall allocate \$40,000 to each educational cooperative service unit for each fiscal year of the biennium, except that it shall allocate \$80,000 for each fiscal year of the biennium to the educational cooperative service units whose boundaries coincide with the boundaries of development regions 6 and 7 or with development region 11.

Subd. 4. [CAPITAL EXPENDITURE EQUALIZATION AID.] *For capital expenditure equalization aid, there is appropriated:*

\$194,900 1980,

\$144,500 1981.

Subd. 5. [SCHOOL LUNCH AID.] For school lunch aid there is appropriated:

\$3,993,800 1980.

Of this amount \$578,800 is for food storage costs for USDA donated commodities and so much as is necessary shall be used for the type "A" lunch program.

\$4,333,309 1981.

Of this amount \$665,500 is for food storage costs for USDA donated commodities and so much as is necessary shall be used for the type "A" lunch program.

Subd. 6. [EARLY CHILDHOOD HEALTH SCREENING.] For early childhood health screening pursuant to section 123.705 there is appropriated:

\$1,375,000 1980,

\$1,485,000 1981.

Subd. 7. [EMERGENCY AID.] For emergency aid pursuant to section 124.24 there is appropriated:

\$200,000 1980.

Any unexpended balance remaining in the appropriation in this subdivision for fiscal year 1980 shall not cancel but shall be available for the second year of the biennium.

Subd. 8. [TEACHER MOBILITY.] To meet the state's obligation prescribed in Minnesota Statutes, Sections 125.61, 354.094, 354.66, 354A.091 and 354A.22, there is appropriated:

\$1,200,000 1980.

Any unexpended balance remaining from the appropriation in this subdivision for fiscal year 1980 shall not cancel but shall be available for the second year of the biennium.

Subd. 9. [BASIC SKILLS TECHNICAL ASSISTANCE PROGRAM.] For the basic skills technical assistance program pursuant to section 3 of this article there is appropriated:

\$650,000 1980.

Of this amount the department of education shall spend not to exceed \$450,000 to staff the positions authorized by section 3, subdivision 3, clause (a) of this article.

\$700,000 1981.

Of this amount the department of education shall spend not to exceed \$480,000 to staff the positions authorized by section 3, subdivision 3, clause (a) of this article.

Subd. 10. [REORGANIZATION GUARANTEE AID.] For aid for the reorganization guarantee formula pursuant to section 15 of this article there is appropriated:

\$500,000 1980,

\$500,000 1981.

Subd. 11. [GRANTS FOR COOPERATIVE AGREEMENTS BETWEEN SECONDARY SCHOOLS.] For grants for cooperative agreements between secondary schools pursuant to section 22 of this article there is appropriated:

\$50,500 1980,

\$87,000 1981.

Subd. 12. [PROGRAM FOR THE GIFTED AND TALENTED.] For the program for the gifted and talented pursuant to section 23 of this article there is appropriated:

\$600,000 1980,

\$600,000 1981.

Subd. 13. [NONSECTARIAN NONPUBLIC SCHOOL CHILDREN.] For aid pursuant to section 123.938 there is appropriated:

\$39,000 1980,

\$44,000 1981.

Subd. 14. Any unexpended fund balance remaining from the appropriations in subdivisions 2, 3, 4, 5, 6, 9, 10, 11, 12 and 13 for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 34. [EFFECTIVE DATE.] Sections 3, 5, 18 and 32 of this article are effective the day following final enactment.

ARTICLE VII

LIBRARIES

Section 1. Minnesota Statutes 1978, Section 134.30, is amended by adding a subdivision to read:

Subd. 6. "Multi-county, multi-type library system" means a cooperative network composed of any combination of public libraries, regional public library systems, public school libraries, public or private college or university libraries and any other libraries which share services and resources within a multi-county area.

Sec. 2. Minnesota Statutes 1978, Section 134.32, Subdivision 5, is amended to read:

Subd. 5. It may provide grants for interlibrary exchange of books, periodicals, resource material, reference information and the expenses incident to the sharing of library resources and materials *including planning and establishment grants to multi-county, multi-type library systems*.

Sec. 3. Minnesota Statutes 1978, Section 134.33, Subdivision 1, is amended to read:

134.33 [ESTABLISHMENT GRANTS.] Subdivision 1. An establishment grant as described in section 134.32, subdivision 2, shall be made to any regional public library system for the first two state fiscal years after a board of county commissioners has contracted to join that system and has agreed that the county will provide the levels of support for public library service specified in this section. In the first year of participation, the county shall provide an amount of support equivalent to ~~.2~~ .3 mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year *or two-thirds of the per capita amount established under provisions of Minnesota Statutes 134.34, Subdivision 1, whichever amount is less*; in the second year of participation, an amount equivalent to ~~.3~~ .4 mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year; and, in the ~~third~~ second year of participation and in each year thereafter, an amount equivalent to .4 mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year *or the per capita amount established under provisions of Minnesota Statutes 134.34, Subdivision 1, whichever is less*. The minimum level of support shall be certified annually to the county by the department of education. In no event shall the department of education require any county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for an establishment grant. This section shall not be construed to prohibit any county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 4. Minnesota Statutes 1978, Section 134.34, Subdivision 1, is amended to read:

134.34 [REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS; REQUIREMENTS.] Subdivision 1. A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county, except in the first and second years *year* of participation as provided in section 134.33, is providing for public library service support in an amount equivalent to .4 mill times the adjusted assessed valuation of the taxable property of that city or county, as deter-

mined by the equalization aid review committee for the second year preceding that calendar year or a per capita amount calculated under provisions of this subdivision, whichever is less. The per capita amount is established for calendar year 1980 as \$3.00. In succeeding calendar years, the per capita amount shall be increased by one half of the percentage increase in total state adjusted assessed valuation of property as determined by the equalization aid review committee for the third year preceding that calendar year to the second year preceding that calendar year. The minimum level of support shall be certified annually to the participating cities and counties by the department of education. A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the department of education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 5. Minnesota Statutes 1978, Section 134.34, Subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of section 134.33 and subdivision 1 of this section, after the third second year of participation by a city or county, the dollar amount of the minimum level of support for that city or county shall not be required to increase by more than ten percent over the dollar amount of the minimum level of support required of it in the previous year. If a participating city or county which has been providing for public library service support in an amount equivalent to .67 mill times the assessed valuation of the taxable property of that city or county for the year preceding that calendar year would be required to increase the dollar amount of such support by more than ten percent to reach the equivalent of .4 mill times the adjusted assessed valuation of the taxable property of that participating city or county as determined by the equalization aid review committee for the second year preceding that calendar year or the per capita amount calculated under provisions of Minnesota Statutes 134.34, Subdivision 1, it shall only be required to increase the dollar amount of such support by ten percent per year until such time as it reaches an amount equivalent to .4 mill times the adjusted assessed valuation of that taxable property as determined by the equalization aid review committee for the second year preceding that calendar year or the per capita amount calculated under provisions of Minnesota Statutes 134.34, Subdivision 1.

Sec. 6. Minnesota Statutes 1978, Section 134.35, Subdivision 1, is amended to read:

134.35 [REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS; DISTRIBUTION FORMULA.] Subdivision 1. Any re-

gional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. The amount of each grant for fiscal year 1979 1980 and each fiscal year thereafter shall be calculated as provided in this section.

Sec. 7. Minnesota Statutes 1978, Section 134.35, Subdivision 2, is amended to read:

Subd. 2. ~~Sixty~~ Fifty-five percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per capita. Each system's allocation pursuant to this subdivision shall be based on the population it serves.

Sec. 8. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.351] [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEMS.] *Subdivision 1. [ESTABLISHMENT.] The state board of education, upon the advice of the advisory council to the office of public libraries and interlibrary cooperation, may approve the establishment of multi-county, multi-type library systems.*

Subd. 2. Each multi-county, multi-type library system is encouraged to develop additional services including, but not limited to the following: referral of users, intrasystem reciprocal borrowing, cooperative collection development, cooperative reference services, staff development, research and development, cooperative storage facilities, publicity and community relations.

Subd. 3. In order to qualify for a planning grant or development grant pursuant to sections 9 and 10 of this article, each participating library in a multi-county, multi-type library system shall adopt an organizational agreement providing for the following:

- (a) Requiring all participating libraries to share resources;*
- (b) Long-range planning for cooperative programs;*
- (c) The development of a delivery system for services and programs; and*
- (d) The development of a bibliographic data base.*

Sec. 9. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.352] [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEM.] *Subdivision 1. [PLANNING GRANTS.] The state board of education may award a one-year planning grant to a multi-county, multi-type library system, to be available during the first year of operation of each system. In awarding a planning grant, the state board shall consider the extra costs incurred in systems located in sparsely populated and large geographic areas.*

Sec. 10. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.353] [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEM DEVELOPMENT GRANT.] *The state board of education*

may provide development grants to multi-county, multi-type library systems in their second and subsequent years of operation. In awarding a development grant, the state board shall consider the extra costs incurred in systems located in sparsely populated and large geographic regions.

Sec. 11. [REPEALER.] Minnesota Statutes 1978, Section 134.33, Subdivision 2, is repealed.

Sec. 12. [APPROPRIATIONS.] Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30, in the years designated.

Subd. 2. For grants pursuant to sections 134.30 to 134.36 for the provision of library services, there is appropriated:

\$3,591,300 1980,

\$3,614,300 1981.

Subd. 3. For grants pursuant to sections 9 and 10 of this article to multi-county, multi-type library systems, there is appropriated:

\$250,000 1980,

\$250,000 1981.

Subd. 4. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

ARTICLE VIII

EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS
COUNCIL ON QUALITY EDUCATION

Section 1. Minnesota Statutes 1978, Section 3.924, Subdivision 1, is amended to read:

3.924 [ESTABLISHMENT.] Subdivision 1. [MEMBERSHIP, TERMS.] There is hereby created a council on quality education consisting of 17 19 persons. The members of such council shall be appointed as follows:

(1) One member shall be appointed by the Minnesota education association;

(2) One member shall be appointed by the Minnesota federation of teachers;

(3) One member shall be appointed by the Minnesota school board association;

(4) One member shall be appointed by the Minnesota state advisory council for vocational education;

(5) *One member shall be appointed by the Minnesota state advisory council for special education;*

~~(5)~~ (6) One member shall be appointed by the state university board;

~~(6)~~ (7) One member shall be appointed by the state board for community colleges;

~~(7)~~ (8) One member shall be appointed by the regents of the University of Minnesota;

~~(8)~~ (9) One member shall be appointed by the private college council;

~~(9)~~ (10) One member from each congressional district and ~~one~~ *two members* at large, shall be appointed by the governor with the advice and consent of the senate, none of whom shall be officers, employees or board members of state educational institutions, departments, agencies or boards.

Sec. 2. Minnesota Statutes 1978, Section 3.925, is amended to read:

3.925 [PURPOSE.] The legislature of the state of Minnesota expresses concern over the future of elementary and secondary education in this state, its ability to meet the educational needs of the public school students, the professional growth and satisfaction of school staffs, the effectiveness and efficiency of present schools and their learning processes, continuing pupil unit cost escalation and the resulting financial crisis which this brings about. New approaches to the learning process, better utilization of professional staff and community resources, different requirements as to course offerings, course content, grading, graduation and school attendance must be researched and developed. It is believed that revised programs, innovations, new attitudes about learning and the public schools' responsibilities can be effectively achieved if such research and development are performed by the council on quality education and at the local school level by the school's staff and with involvement by the students and their community. Although funds spent now for such purposes can produce substantial educational and cost benefits in the future, such capital type funds are seldom available within any single school district's budget.

The purpose of the council on quality education is, therefore, to encourage, promote, aid, and perform research and development for quality education in Minnesota elementary and secondary schools, to evaluate the results of significant innovative programs and to disseminate information about these programs throughout the state.

To these ends, the council through the state board of education shall establish a venture fund from which grants or loans may be made in support of research and development programs relating to the problems and objectives heretofore described which shall include but not be limited to:

- (1) **Effective utilization of community personnel and resources.**
- (2) **Developing model personnel policies and procedures, and new staffing concepts such as differentiated staffing.**
- (3) **Assessment and evaluation of education programs.**
- (4) **Developing a management and unit of instructional objectives design which will provide accountability by relating time and dollars to the amount of learning produced.**
- (5) **Determining responsibilities to be assumed by the schools exclusively or concurrently with other agencies or individuals.**
- (6) **Effective dissemination of educational information.**
- (7) **Developing new knowledge about learning and teaching.**
- (8) **Developing model educational programs as alternatives to existing educational practices and curricula.**
- (9) **Model programs and innovations to increase equality of educational opportunities.**
- (10) **Research and testing of new concepts of educational efficiency, effectiveness and cost benefits.**
- (11) *Comprehensive interdisciplinary programs in health education and comprehensive programs designed to innovatively coordinate and integrate the delivery of pupil support services.*

The council shall not be limited to supporting innovations, programs or procedures supplementary to existing school structures and programs but may assist or research entirely new concepts such as open schools, informal schools and the like. It is the legislature's intent that any supported program shall hold promise of both educational and cost benefits and that the costs and improvements in learning effectiveness introduced thereby shall be measured and related.

The council may also review literature and other information about innovative programs in Minnesota and other states and disseminate the results of this research throughout the state. The council may identify ideas for innovative programs in the course of this research and solicit proposals from school boards for grants for such programs; provided not to exceed ten percent of the funds appropriated to the venture fund in any year may be expended to fund such research and programs.

The council shall make a report by November 15 of each even numbered year to the legislature concerning all research and all proposals received and the dispositions made thereof by the council and the state board of education.

Sec. 3. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9276] [CITATION.] *Sections 3 to 6 of this article may be cited as "The Early Childhood and Family Education Act".*

Sec. 4. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9277] [PURPOSE.] *The purposes of sections 3 to 6 of this article are: (a) to strengthen families, (b) to help parents to provide for their children's learning and development, and (c) to help young children to develop their physical, mental and social potentials.*

Sec. 5. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9278] [DEFINITIONS.] *Subdivision 1. As used in this article, the terms defined in this section have the meanings given them.*

Subd. 2. "Early childhood" means the period of life before kindergarten and before age six.

Subd. 3. "Early childhood and family education programs" may include, but are not limited to, the following:

(a) Educational programs for parents on the physical, mental and emotional development of children and on the development of parenthood skills;

(b) Programs for the parents or guardians of children which are designed to strengthen the family unit and to assist the parents or guardians in providing sound early childhood learning and development;

(c) Libraries of books, toys and other educational materials which can be borrowed for home use;

(d) Activities designed to detect children's physical, mental, emotional or behavioral problems that are causing or might cause learning problems. Should the need for special help be found, the family shall be referred to an appropriate person or agency, but this program shall not pay treatment costs;

(e) Education for parenthood programs in secondary schools to increase the adolescent's awareness of the social, educational and health needs of children and of the role of parents in fostering a child's development;

(f) In-center activities;

(g) Home activity kits; and

(h) Community and resource information and referrals.

Sec. 6. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9279] [EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS.] *Subdivision 1. [AUTHORIZATION.] The school board of any district, however organized, which receives early childhood and family education moneys from the council on quality education shall provide those services in one elementary school attendance area, or an area within the district, if the coun-*

cil deems the area to be appropriate. The council on quality education shall prescribe the form and manner of application for the programs and shall select the grant and formula recipients. These programs shall be as equally distributed as possible among districts in cities of the first class, in suburbs, and outside the seven county metropolitan area.

Subd. 2. [PROGRAM ACCOUNTS.] A district providing early childhood and family education programs shall establish and maintain a separate account for the receipt and disbursement of all funds related to the programs.

Subd. 3. [PARTICIPANTS' FEES.] A district may charge reasonable fees for early childhood and family education services; however a district shall waive the charge or fee if any participant is unable to pay it.

Subd. 4. [ADDITIONAL FUNDING.] A school district providing early childhood and family education programs may receive funds for the programs from other governmental agencies and from private sources, including any state or federal funds available for community education or parent education.

Subd. 5. [PROGRAM COORDINATION.] A district providing early childhood and family education services is strongly encouraged to coordinate this programming with related services provided in the district by other governmental agencies and may develop cooperative programs with private agencies. State government agencies shall cooperate with a school district in these coordination efforts. A district which provides early childhood and family education programs but does not coordinate its efforts with those of other governmental agencies shall submit an explanatory report to the commissioner of education within one year after the implementation of its programs and each year thereafter in which such coordination is not established.

Subd. 6. [ADVISORY COUNCILS.] The school board of a district providing early childhood and family education programs shall appoint an advisory council. Council members shall be selected from the school attendance area in which the programs are provided. A majority of the members shall be parents participating in the local program. The local advisory council shall assist the school board in the development, coordination, supervision and review of early childhood and family education services in the area and shall suggest priorities for child learning and development services in the community. The council shall report to the school board and the district community school advisory council, if that council has been established in the district.

Subd. 7. [ADVISORY TASK FORCE ON EARLY CHILDHOOD AND FAMILY EDUCATION.] The council on quality education shall appoint an advisory task force on early childhood and family education programs. The advisory task force shall be composed of parents of young children and persons knowledgeable in the fields of health, education and welfare. A majority of the task force shall be parents of young children. The advisory task

force shall advise the council in the administration of the early childhood and family education programs. The terms, compensation and removal of members shall be governed by the provisions of section 15.059, subdivision 6. The task force shall expire June 30, 1981.

Subd. 8. [PERSONNEL.] A school board may employ and discharge personnel necessary for its early childhood and family education programs. All professional early childhood and family education personnel shall have the qualifications required by the council on quality education and the employing school district.

Subd. 9. [VOLUNTARY PARTICIPATION.] Participation by parents and children in early childhood and family education programs shall be voluntary and shall not preclude participation in other state or local programs. No school district shall discriminate in providing early childhood and family education programs on the basis of race, religion, sex or ethnic background, and no programs shall be used in whole or in part for religious worship or instruction.

Subd. 10. [STATE BOARD OF EDUCATION.] The state board of education shall:

(a) Annually review district early childhood and family education programs;

(b) Apply for funds which are, or may become, available under federal programs pertaining to early childhood and family education, including funds for administration, demonstration projects, training, technical assistance, planning, and evaluation;

(c) Encourage cooperation in the delivery of services by districts operating early childhood and family education programs;

(d) Inform the public about early childhood development services;

(e) Provide professional and technical assistance to school districts providing early childhood and family education programs.

Subd. 11. [FORMULA FUNDING.] In fiscal years 1980 and 1981 the council on quality education shall fund ten early childhood and family education programs according to a formula or formulas which it shall develop. An early childhood and family education program selected by the council for formula funding shall be funded according to a formula for both fiscal years 1980 and 1981; however, the council may modify or change the funding formula used for a particular early childhood and family education program. The formula or formulas developed by the council shall include incentives for programs to increase the participation of persons who are educationally and economically disadvantaged.

The council on quality education shall describe and evaluate the formula funding of early childhood and family education programs in the council's 1980 annual report to the legislature. By November 15, 1981 the council on quality education shall make a special report to the legislature which shall contain a summary

and conclusion of a study of the feasibility of formula funding for all early childhood and family education programs.

Subd. 12. [NEGOTIATED GRANTS.] The council on quality education may fund up to 40 early childhood and family education programs, other than the ten programs funded pursuant to subdivision 11, according to the negotiated grants procedure established by Minnesota Statutes, Sections 3.924 to 3.927.

Subd. 13. [SPECIAL CATEGORICAL PROGRAM GRANT.] For the programs funded pursuant to subdivision 12, there is hereby created a special categorical program grant for those programs serving economically disadvantaged persons. The council on quality education shall apportion the grant money among the eligible programs in proportion to the number of participants in each program from families which receive aid to families with dependent children compared to the number of participants in all the eligible programs from families which receive aid to families with dependent children.

Sec. 7. [REPEALER.] Minnesota Statutes 1978, Sections 3.9271; 3.9273; 3.9274; and 3.9275 are repealed.

Sec. 8. [APPROPRIATIONS.] Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [COUNCIL ON QUALITY EDUCATION; VENTURE FUND GRANTS.] For the council on quality education venture fund grants pursuant to sections 3.925 and 3.926, there is appropriated:

\$900,000 1980,

\$900,000 1981.

Subd. 3. [EARLY CHILDHOOD AND FAMILY EDUCATION.] For early childhood and family education programs pursuant to sections 3 to 6 of this article there is appropriated:

\$2,369,700 1980.

Of this amount \$272,000 is for the purpose of providing special categorical program grants pursuant to section 6, subdivision 13 of this article and \$82,000 is for administration of programs.

\$2,536,000 1981.

Of this amount \$297,200 is for the purpose of providing special categorical program grants pursuant to section 6, subdivision 13 of this article and \$82,000 is for administration of programs.

Subd. 4. Any unexpended fund balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated."

Delete the title and insert:

"A bill for an act relating to education; providing for aids to education, tax levies and the distribution of tax revenues; granting certain duties and powers to school boards, school districts, the state board of education, and the state board for vocational education; modifying the hearing procedure for the educational placement of certain handicapped students; appropriating money; amending Minnesota Statutes 1978, Sections 3.924, Subdivision 1; 3.925; 16.93; 120.075; 120.17, Subdivisions 3b, 4, 6 and 7a; 121.21, Subdivision 6; 121.49; 121.904, Subdivision 11b; 121.917, by adding a subdivision; 121.92; 123.702, Subdivision 1, and by adding a subdivision; 123.703, Subdivisions 1 and 3; 123.705; 123.937; 124.11, Subdivisions 2 and 5; 124.14; 124.17, Subdivision 1; 124.19, by adding a subdivision; 124.20; 124.212, Subdivisions 1, 6c, 7c, and 10; 124.222, Subdivision 3; 124.26, Subdivision 1; 124.271, Subdivision 2, and by adding a subdivision; 124.32, Subdivisions 1, 1a, 5 and 10; 124.561, Subdivisions 2, 3 and 3a; 124.562, Subdivisions 2, 3 and 4; 124.565; 124.566; 124.572, Subdivisions 1, 2 and 3; 124.573, Subdivisions 1, 2, 3, and by adding a subdivision; 124.574, Subdivision 2; 124.646, Subdivision 1; 125.61, Subdivision 4; 126.39, Subdivision 10; 126.40, Subdivision 3; 126.41, Subdivision 1; 126.52, Subdivision 10; 126.53, Subdivision 3; 126.54, Subdivision 1; 134.30, by adding a subdivision; 134.32, Subdivision 5; 134.33, Subdivision 1; 134.34, Subdivisions 1 and 2; 134.35, Subdivisions 1 and 2; 272.115, Subdivision 4; 273.13, Subdivision 6; 275.125, Subdivisions 2a, 8, 11a, and by adding a subdivision; 276.04; 290A.03, Subdivision 13; 465.72; 471.38, by adding a subdivision; and Chapters 3, by adding sections; 123, by adding a section; 124, by adding sections; and 134, by adding sections; repealing Minnesota Statutes 1978, Sections 3.9271; 3.9273; 3.9274; 3.9275; 123.938, Subdivision 7; 124.212, Subdivisions 6b and 7b; 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; 124.562, Subdivision 1; 124.563; 134.33, Subdivision 2; 273.132; 275.125, Subdivision 13."

The motion prevailed. So the amendment was adopted.

Mr. Hanson moved to amend H. F. No. 223, as amended by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)

Page 2, after line 9, insert:

"Section 1. [PURPOSE.] *The increases in general fund revenue provided to school districts in this article are intended by the legislature to be used for improving the instructional program in grades kindergarten through 12, with emphasis on improving the instructional program and student-licensed staff ratios in grades kindergarten through 3.*"

Renumber the sections in sequence

Correct the internal references

CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate. The following Senators answered to their names:

Anderson	Frederick	Knoll	Olhoff	Sikorski
Ashbach	Gearty	Knutson	Penny	Staples
Benedict	Gunderson	Laufenburger	Perpich	Stokowski
Bernhagen	Hanson	Lessard	Pillsbury	Strand
Brataas	Hughes	McCutcheon	Purfeerst	Stumpf
Chenoweth	Humphrey	Menning	Renneke	Ueland, A.
Coleman	Jensen	Merriam	Rued	Ulland, J.
Dieterich	Johnson	Moe	Schaaf	Vega
Dunn	Kirchner	Nelson	Schmitz	Willet
Engler	Knaak	Nichols	Setzepfandt	

The Sergeant at Arms was instructed to bring in the absent members.

Mr. Sillers moved to amend the Hanson amendment to H. F. No. 223, as amended by the Senate May 10, 1979 as follows:

(The text of the amended House File is identical to S. F. No. 315.)

After the Hanson amendment, insert:

Page 6, after line 5, insert:

"(10) For the purpose of improving the instructional program in kindergarten through third grades, in addition to the weighting provided by clause (1), in the 1980-1981 school year and thereafter each kindergarten pupil shall be counted an additional one-tenth pupil unit and each elementary pupil in grades one, two and three shall be counted an additional two-tenths pupil unit. Funds provided by this clause shall be available only upon development and adoption of a written educational policy, as provided in section 123.741, which establishes the goals and priorities of the district for improving the instructional program in kindergarten through third grades. When the funds provided by this clause are used to hire personnel, preference shall be given to certificated personnel."

Page 19, after line 24, insert:

"Sec. 17. [PURPOSE.] The legislature finds that primary grade instructional programs have a significant educational impact on young children. The purposes of the programs authorized by sections 18 and 19 are to (a) improve the quality of instruction in the primary grades by providing additional resources to school districts to reduce class size in grades kindergarten through three, (b) provide in-service training for primary grade teachers and administrators, (c) establish closer relations between the school and home and (d) provide for additional instructional materials designed to meet the program objectives.

Sec. 18. [DEMONSTRATION PROGRAM FOR PRIMARY GRADE INSTRUCTIONAL IMPROVEMENT.] Subdivision 1. The state board of education shall choose a minimum of 25 school districts which together serve not more than 50,000 kindergarten

through third grade pupils to participate in a demonstration primary grade instructional improvement program for the 1979-1980 school year.

Subd. 2. A district may apply to the state board to be included in the demonstration primary grade instructional improvement program by June 15, 1979 and shall be notified by the state board of its acceptance or rejection by July 15, 1979.

Subd. 3. Districts chosen by the state board to participate in the demonstration program shall represent all district enrollment sizes and all geographic regions of the state. The department of education shall define district enrollment sizes and state geographic regions for the purpose of this section.

Subd. 4. A district which participates in the demonstration program for the 1979-1980 school year shall receive for that school year a grant which shall equal ten percent times the 1979-1980 foundation aid formula allowance per pupil unit for each kindergarten pupil and 20 percent times the 1979-1980 foundation aid formula allowance per pupil unit for each elementary pupil in grades one, two and three. The grant funds available to a district because of this subdivision shall be used to improve instruction in kindergarten through third grades. When the grant funds are used to hire personnel, preference shall be given to certificated personnel.

Subd. 5. A district participating in the demonstration program authorized by this section shall also receive grants for the purposes of subdivisions 6, 7 and 8. Grants under this section shall be computed by the state board on or before October 1, 1979 and may not be adjusted for any reason after that date. The grants shall be paid to a district by November 1, 1979.

Subd. 6. For the purpose of improving the instructional program in kindergarten through third grades, for the 1979-1980 school year the state shall pay a district selected for the demonstration grant program authorized by this section \$550 for each classroom teacher and each administrator teaching or administering any of grades kindergarten through three. Funds paid pursuant to this subdivision shall be used to conduct teacher and administrator training workshops for the teachers and administrators for whom the funds were paid. The workshops shall emphasize methods of improving instruction, techniques of individualized instruction and parent-teacher communication. In the 1980-1981 school year a district which received a grant for the purpose of this subdivision shall conduct follow-up workshops to analyze the progress of the district in improving kindergarten through third grade instruction and parent-teacher communication between parents and teachers of pupils in kindergarten through third grades. For the 1980-1981 school year the state shall pay a district selected for the demonstration program authorized by this section \$275 for each classroom teacher and administrator teaching or administering any of grades kindergarten through three for the purpose of the follow-up workshops.

Subd. 7. To improve communication between parents and teachers of kindergarten through third grade pupils, for the 1979-1980 school year the state shall pay a district selected for the demonstration program authorized by this section \$400 for each classroom teacher in that district of any of grades kindergarten through three. The funds provided under this subdivision shall be used for purposes which will improve communication between parents and teachers of pupils in kindergarten through third grades, including additional compensation for teachers to work with parents.

Subd. 8. In the 1979-1980 school year the state shall pay a district selected for the demonstration program authorized by this section \$10 for each of its pupils enrolled in any of grades kindergarten through three, for the purpose of providing instructional materials to improve the instructional program in kindergarten through third grades. Materials purchased with funds provided pursuant to this subdivision shall be available solely for kindergarten through third grades.

Sec. 19. [EXPANSION OF THE PRIMARY GRADE INSTRUCTIONAL IMPROVEMENT PROGRAM.] *Subdivision 1. For the 1980-1981 school year the state shall pay a school district which did not receive a grant under section 18, subdivision 6, \$550 for each classroom teacher and each administrator teaching or administering any of grades kindergarten through three. Funds paid pursuant to this subdivision shall be used to conduct teacher and administrator training workshops for the teachers and administrators for whom the funds were paid. The workshops shall emphasize methods of improving instruction, methods of individualized instruction and parent-teacher communication. In the 1981-1982 school year a district which received a grant for the purpose of this subdivision shall conduct follow-up workshops to analyze the progress of the district in improving kindergarten through third grade instruction and parent-teacher communication between parents and teachers of pupils in kindergarten through third grades. For the 1981-1982 school year the state shall pay a district which received a grant pursuant to this subdivision for the 1980-1981 school year \$275 for each classroom teacher and administrator teaching or administering any of grades kindergarten through three for the purpose of conducting the follow-up workshops.*

Subd. 2. For the 1980-1981 school year and each school year thereafter the state shall pay each district \$400 for every classroom teacher in that district of any of grades kindergarten through three. The funds provided under this subdivision shall be used for purposes which will improve communication between teachers and parents of pupils in kindergarten through third grades, including additional compensation for teachers to work with parents.

Subd. 3. In the 1980-1981 school year and each school year thereafter the state shall pay each school district \$10 for each of its pupils enrolled in any of grades kindergarten through three. The funds shall be used to provide instructional materials to improve the instructional program in kindergarten through third grades. Materials purchased with funds provided pursuant to this

subdivision shall be available solely for kindergarten through third grades.

Subd. 4. Grants under this section shall be computed by the state board on or before October 1 of a school year and may not be adjusted for any reason after that date. The grants shall be paid to the school districts by November 1 of a school year.

Sec. 20. [DUTIES OF THE STATE BOARD.] *Subdivision 1. Insofar as possible, the state board shall provide technical assistance to a school district which wants assistance to improve its instructional program in kindergarten through third grades.*

Subd. 2. The state board shall monitor and evaluate all kindergarten through third grade programs each year. An evaluation shall include an analysis of class size, student performance, instructional techniques, parent-teacher communications and district compliance with the directives in sections 2 and 18 of this article that in hiring personnel, preference be given to certificated personnel.

Subd. 3. Before March 1, 1980 and before January 15 of each year thereafter the state board shall report to the education committees of the legislature on the effectiveness of the primary grade instructional improvement program. A report shall contain recommendations concerning the continuance of the program."

Delete page 20, line 31, to page 21, line 3, and insert:

"There is appropriated (a) For payments pursuant to section 18, subdivision 4:

\$10,350,000 1980.

(b) For payments resulting from increased pupil unit weighting pursuant to section 2, clause (10):

\$39,100,000 1981.

(c) For the purpose of providing in-service training for teachers and administrators for kindergarten through third grades pursuant to section 18, subdivision 6 and section 19, subdivision 1:

\$ 1,412,400 1980,

\$ 6,536,200 1981.

(d) For the purpose of improving parent-teacher communications as provided in section 18, subdivision 7 and section 19, subdivision 2:

\$ 1,027,200 1980,

\$ 4,240,000 1981.

(e) For providing instructional materials pursuant to section 18, subdivision 8 and section 19, subdivision 3:

\$ 500,000 1980,

\$ 2,000,000 1981.

(f) For technical assistance pursuant to section 20:

\$ 530,000 1980,

\$ 530,000 1981.

Of the amounts appropriated in this clause, the department of education may spend in each fiscal year a sum not to exceed \$200,000 to staff one clerical position and not more than four professional positions.

Of the amounts appropriated in this clause, the department may allot an amount not to exceed \$330,000 in each fiscal year to educational cooperative service units to provide assistance to districts for improving instruction in kindergarten through third grades."

Page 21, after line 18, insert:

"Sec. 24. [EFFECTIVE DATE.] Sections 17, 18, and 20 of this article are effective the day following final enactment."

Renumber sections accordingly

Further, amend the title as follows:

Page 1, line 9, after "students;" insert "establishing primary grade instructional improvement programs;"

The question was taken on the adoption of the Sillers amendment to the Hanson amendment.

The roll was called, and there were yeas 20 and nays 39, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Keefe, J.	Ogdahl	Sieloff
Bang	Engler	Kirchner	Pillsbury	Sillers
Bernhagen	Frederick	Knaak	Renneke	Ueland, A.
Brataas	Jensen	Knutson	Rued	Ulland, J.

Those who voted in the negative were:

Anderson	Hughes	McCutcheon	Penny	Staples
Chenoweth	Humphrey	Menning	Perpich	Stokowski
Coleman	Johnson	Merriam	Purfeerst	Stumpf
Davies	Keefe, S.	Moe	Schaaf	Tennessee
Dieterich	Knoll	Nelson	Schmitz	Vega
Gearty	Laufenburger	Nichols	Setzepfandt	Wegener
Gunderson	Lessard	Olhoft	Solon	Willet
Hanson	Luther	Olson	Spear	

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

The question recurred on the Hanson amendment.

The roll was called, and there were yeas 58 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Benedict	Coleman	Dunn	Gearty
Ashbach	Bernhagen	Davies	Engler	Gunderson
Bang	Chenoweth	Dieterich	Frederick	Hanson

Hughes	Knutson	Nichols	Rued	Stokowski
Humphrey	Laufenburger	Ogdahl	Schaaf	Strand
Jensen	Lessard	Olhoff	Schmitz	Stumpf
Johnson	Luther	Olson	Setzpfandt	Ueland, A.
Keefe, J.	McCutcheon	Penny	Sieloff	Vega
Keefe, S.	Menning	Perpich	Sikorski	Wegener
Kirchner	Merriam	Pillsbury	Sillers	Willet
Knaak	Moe	Purfeerst	Solon	
Knoll	Nelson	Renneke	Staples	

Mrs. Brataas and Mr. Ulland, J. voted in the negative.

The motion prevailed. So the amendment was adopted.

Mr. Ueland, A. moved to amend H. F. No. 223, as amended by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)

Page 66, delete lines 10 to 18 and insert:

“[124.575] [TRAINING FOR EMPLOYMENT AID.] *Subdivision 1. [PURPOSE.] It is the policy of the state of Minnesota to encourage new and expanding businesses and industries that provide for the employment of its citizens. When industry is considering locating, expanding, or relocating an important factor is the availability of a trained labor supply. The purpose of this section is to ensure that Minnesota is competitive with other states in providing training for the expansion of businesses and industries.*

Subd. 2. [PROCEDURE.] The commissioner of education, in cooperation with the departments of economic development and economic security, shall provide a mechanism whereby businesses and industries that are locating, expanding, or relocating in the state shall be assured short term training of needed employees. The department of economic development shall be responsible to attract and to assist industries interested in locating or expanding in Minnesota. The department of economic security shall assist both employers and state citizens toward maximum employment in suitable jobs and shall utilize Comprehensive Employment and Training Act funds whenever appropriate to assist in accomplishing the objective.

The division of vocational-technical education of the department of education, in conjunction with the area vocational-technical institutes, shall provide training. A business or industry shall be eligible for an employee training program if it creates new jobs or substantially increases its work force. All programs shall be approved by the commissioner of education.”

Page 74, delete lines 29 to 33 and insert:

“*Subd. 7. [TRAINING FOR EMPLOYMENT AID.] For employee training programs pursuant to section 13 there is appropriated:*

*\$500,000 for the biennium
ending June 30, 1981.*

Of that amount, \$100,000 is immediately appropriated. When that

amount is spent, and each time an additional appropriation is spent, the commissioner of education shall report on those expenditures to the legislative advisory commission which may release additional amounts of the total appropriation, up to \$100,000 each time, for the purpose of section 13."

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

Mr. Rued moved to amend H. F. No. 223, as amended by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)

Page 10, after line 13, insert:

"Sec. 10. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.311] [PUBLIC LANDS ALLOWANCE.] *Subdivision 1. Each year on September 1, the state shall pay to any district where 40 percent or more of the total land area is owned by the state, an amount equal to one dollar for each acre of land owned by the state in the district as of January 1 of the calendar year in which the payment is made.*

For purposes of this section, "land owned by the state" shall not include tax forfeited land held by the state in trust in favor of school districts, towns, cities, counties or other taxing districts.

Subd. 2. In no case shall the payment authorized in subdivision 1 in a given fiscal year be greater than an amount equal to 20 mills times the 1977 adjusted assessed valuation of the district.

Subd. 3. The payment pursuant to this section in any fiscal year shall be reduced by the amount of any payments received by the district in the preceding fiscal year under any law distributing proceeds in lieu of ad valorem tax assessments on copper, nickel or uranium properties.

Subd. 4. In any district receiving a payment under the provisions of this section, the maximum permissible levy authorized by section 275.125, subdivision 2a, shall be reduced by the amount of the payment received in the year in which the levy is certified.

Subd. 5. Payments received pursuant to the provisions of this section shall be deposited in the district's debt service fund and shall be recognized as revenue and reported on the district books of account in the same manner as the taxes collected by the levy certified in the year in which the payment is received. Payments shall not exceed 75 percent of the total debt service levy for each year.

Subd. 6. For purposes of computing payments pursuant to this section, the commissioner shall consult with the state planning agency to determine in which school districts state owned land may be 40 percent or more of the total land area of the district. If the information the commissioner obtains is insufficient to

determine if a particular district qualifies for aid under this section, the commissioner may require that the auditor of any county which has land within the district certify to the commissioner the data the commissioner may require to administer this section.

An auditor who is required to submit data under this section may bill the school district for which the auditor submits the data for the costs incurred in providing the data."

Page 21, after line 7, insert:

"Subd. 7. [PUBLIC LANDS ALLOWANCE.] For the public lands allowance pursuant to section 10 of this article there is appropriated:

685,000 1980,

685,000 1981."

Page 21, line 14, delete "and 5" and insert "5, 6, and 7"

Renumber the sections and subdivisions in sequence

Change the internal references

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

Mrs. Brataas moved to amend H. F. No. 223, as amended by the Senate, adopted May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)

Page 86, line 2, after the period, insert "This subdivision shall not apply to any school district which has been a member of a city-county computing consortium since on or before December 31, 1971."

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

Mr. Bernhagen moved to amend H. F. No. 223, as amended by the Senate, adopted May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)

Page 59, delete lines 11 to 15

Renumber the subdivisions in sequence

Page 73, after line 14, insert:

"Sec. 24. Minnesota Statutes 1978, Section 275.125, Subdivision 13, is amended to read:

Subd. 13. Districts maintaining a post-secondary vocational-technical school may levy for post-secondary vocational-technical purposes as follows:

(1) For districts in cities of the first class, one-half mill, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

(2) For districts formed pursuant to Laws 1967, Chapter 822, as amended, and Laws 1969, Chapters 775 and 1060 as amended, one-half mill, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee.

(3) For other districts maintaining post-secondary vocational schools, one mill, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee. *The amount raised by the discretionary levy allowed by section 275.125, subdivision 13, shall not be reduced from the post secondary vocational foundation aid in the 1980-1981 school year and thereafter providing that no amount shall exceed \$150 per ADM."*

Page 73, line 16, before "124.563" insert "and"

Page 73, line 16, delete "; and 275.125,"

Page 73, line 17, delete "Subdivision 13"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 35, before "and" insert "13,"

Page 2, line 4, delete "; 275.125,"

Page 2, line 5, delete "Subdivision 13"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 20 and nays 33, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Knaak	Pillsbury	Ueland, A.
Bernhagen	Engler	Knutson	Renneke	Ulland, J.
Brataas	Frederick	Lessard	Rued	Wegener
Chmielewski	Keefe, J.	Olhoft	Sieloff	Willet

Those who voted in the negative were:

Anderson	Gunderson	Luther	Olson	Stokowski
Benedict	Hughes	McCutcheon	Penny	Strand
Chenoweth	Humphrey	Menning	Perpich	Stumpf
Coleman	Johnson	Merriam	Purfeerst	Tennessee
Davies	Keefe, S.	Moe	Schaaf	Vega
Dieterich	Knoll	Nelson	Solon	
Gearty	Laufenburger	Nichols	Spear	

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

Mrs. Knaak moved to amend H. F. No. 223, as amended by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 315.)

Page 19, after line 24, insert:

"Sec. 17. [121.93] [SCHOOL FINANCE STUDY COMMISSION.] Subdivision 1. [CREATION.] *There is hereby created a commission to study school finance.*

Subd. 2. [NAME; DUTIES.] *The name of the commission is the school finance study commission. The commission shall:*

(a) Study federal, state and local financing of state elementary, middle school, secondary, adult and vocational education;

(b) Analyze the revenues, expenditures and financial status of state school districts;

(c) Consider the future revenue needs and resources of Minnesota school districts and plans for meeting the needs;

(d) Study power equalization financing for state school districts;

(e) Evaluate the state school aid system;

(f) Study, analyze and prepare reports on other areas relating to the financing of schools in Minnesota including: school enrollment, school construction, interdistrict cooperation, staff salaries, administration and disparities among districts in costs, revenues and taxes;

(g) Study, analyze and prepare reports on subjects which the commission is requested to study by the education committees of the legislature;

(h) Gather, study, organize and present data on Minnesota schools in a manner that will facilitate comparisons among school districts;

(i) Make recommendations to the legislature within the scope of its study, including recommendations on methods and plans for financing education, and file a report of its activities and recommendations with the governor and the legislature by January 15, 1981 and biennially by the same date thereafter.

Subd. 3. [MEMBERSHIP.] *The commission shall consist of five members of the senate appointed by the subcommittee on committees, five members of the house of representatives appointed by the speaker and five citizens appointed by the governor. The first members of the commission shall be appointed to serve for a term expiring on January 15, 1981. Subsequent members shall be appointed at the commencement of a biennial session of the legislature for a two year term beginning January 16 of the year of the appointment.*

Subd. 4. [COMPENSATION.] *The members of the commission who are appointed by the governor shall receive \$35 a day for each day spent on commission activities, when authorized by the commission, plus expenses in the same manner and amount as state employees.*

Subd. 5. [REMOVAL; VACANCIES.] *A member other than the chairperson of the commission may be removed by the ap-*

pointing authority which selected the member, or by a successor of that appointing authority, at any time (a) for cause, after notice and hearing, or (b) after missing three consecutive meetings. The chairperson of the commission shall inform the appointing authority which selected the member, or the successor of that appointing authority, if the member misses three consecutive meetings. After the second consecutive missed meeting and before the next meeting, the secretary of the commission shall notify the member in writing that the member may be removed for missing the next meeting.

In the case of a vacancy on the commission, the appointing authority which selected the member whose position is vacant, or a successor of that appointing authority, shall appoint a person to fill the vacancy for the remainder of the unexpired term.

Subd. 6. [OFFICE; MEETINGS; OFFICERS.] *The commission shall maintain an office in the capitol group of buildings in space which the commissioner of administration shall provide. The commission shall hold meetings at the times and places it designates. It shall select a chairperson and secretary from its membership and may select other officers from its membership as it deems necessary.*

Subd. 7. [STAFF.] *The commission may employ the professional, clerical, and technical assistants it deems necessary in order to perform its duties.*

Subd. 8. [ASSISTANCE OF OTHER AGENCIES.] *The commission may request information from a state officer or agency to assist it in carrying out its duties, and the officer or agency shall promptly furnish the data requested.*

Subd. 9. [LEGISLATIVE BILLS FURNISHED.] *The secretary of the senate and the chief clerk of the house shall provide the commission with a copy of each bill introduced in the legislature concerning school finance."*

Page 21, after line 18, insert the following:

"Sec. 21. [APPROPRIATION; SCHOOL FINANCE STUDY COMMISSION.] *There is appropriated from the general fund to the school finance study commission established pursuant to section 17 of this article the sum of \$50,000 for each year of the biennium ending June 30, 1981, to pay the expenses of the commission. Any unexpended balance remaining from the appropriation in this section for the first year of the biennium shall not cancel but shall be available for the second year of the biennium."*

Renumber the sections accordingly

Further, amend the title as follows:

Page 1, line 9, after "students;" insert "creating a school finance study commission;"

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

H. F. No. 223 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Penny	Spear
Ashbach	Gearly	Laufenburger	Perpich	Staples
Bang	Gunderson	Lessard	Pillsbury	Stokowski
Benedict	Hanson	Luther	Purfeerst	Strand
Bernhagen	Hughes	McCutcheon	Renneke	Stumpf
Brataas	Humphrey	Menning	Rued	Tennessee
Chenoweth	Jensen	Merriam	Schaaf	Ueland, A.
Chmielewski	Johnson	Moe	Schmitz	Ulland, J.
Coleman	Keefe, J.	Nelson	Setzepfandt	Vega
Davies	Keefe, S.	Nichols	Sieloff	Wegener
Dieterich	Kleinbaum	Ogdahl	Sikorski	Willet
Dunn	Knaak	Olhoft	Sillers	
Engler	Knoll	Olson	Solon	

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Merriam moved that S. F. No. 315, No. 86 on Special Orders, be stricken and laid on the table. The motion prevailed.

RECESS

Mr. Coleman moved that the Senate do now recess until 9:00 o'clock p.m. The motion prevailed.

The hour of 9:00 o'clock p.m. having arrived, the President called the Senate to order.

MEMBERS EXCUSED

Mr. Bang was excused from the Session of today from 12:15 to 1:00 o'clock p.m. Mr. Pillsbury was excused from this evening's Session. Mr. Keefe, J. was excused from this evening's Session at 10:40 o'clock p.m.

CALL OF THE SENATE

Mr. Schaaf imposed a call of the Senate. The following Senators answered to their names:

Anderson	Gunderson	Knoll	Rued	Staples
Bang	Hughes	Knutson	Schaaf	Strand
Benedict	Humphrey	Laufenburger	Schmitz	Stumpf
Brataas	Johnson	Luther	Schrom	Tennessee
Chmielewski	Keefe, J.	Menning	Setzepfandt	Ueland, A.
Dunn	Keefe, S.	Moe	Sieloff	Ulland, J.
Engler	Kleinbaum	Ogdahl	Sikorski	Willet
Gearly	Knaak	Peterson	Sillers	

The Sergeant at Arms was instructed to bring in the absent members.

SPECIAL ORDER

S. F. No. 481: A bill for an act relating to transportation; appropriating money to the department of transportation for the purpose of providing operating subsidies for Medicine Lake transit service under certain conditions.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 35 and nays 9, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knoll	Ogdahl	Staples
Ashbach	Gunderson	Knutson	Perpich	Stumpf
Benedict	Hughes	Laufenburger	Schaaf	Tennessee
Brataas	Humphrey	Lessard	Schmitz	Ueland, A.
Chenoweth	Keefe, J.	Menning	Sikorski	Ulland, J.
Coleman	Keefe, S.	Moe	Solon	Vega
Engler	Kleinbaum	Nelson	Spear	Willet

Those who voted in the negative were:

Dunn	Luther	Penny	Rued	Wegener
Knaak	Olson	Purfeerst	Strand	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 659: A bill for an act relating to local government; providing for facilities of the jointly owned airport of the city of Brainerd and Crow Wing County; authorizing the issuance of bonds to finance the acquisition and betterment of airport facilities; repealing Laws 1965, Chapter 152.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Laufenburger	Perpich	Staples
Ashbach	Gunderson	Lessard	Purfeerst	Stokowski
Bang	Hughes	Luther	Renneke	Strand
Benedict	Humphrey	Menning	Rued	Stumpf
Bernhagen	Jensen	Merriam	Schaaf	Tennessee
Brataas	Johnson	Moe	Schmitz	Ueland, A.
Chenoweth	Keefe, J.	Nelson	Setzepfandt	Ulland, J.
Davies	Kleinbaum	Ogdahl	Sieloff	Vega
Dieterich	Knaak	Olhott	Sikorski	Wegener
Dunn	Knoll	Olson	Solon	Willet
Engler	Knutson	Penny	Spear	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 568: A bill for an act relating to the county of Anoka; authorizing the Anoka county board of commissioners to assume the powers and duties of a human services board.

Mr. Merriam moved that the amendment made to H. F. No. 568 by the Committee on Rules and Administration in the report adopted April 9, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

Mr. Merriam moved to amend H. F. No. 568 as follows:

Page 2, line 31, after the period, insert "The establishment of a human services board will not negate any collective bargaining unit agreements between the existing exclusive representative and the county of Anoka."

The motion prevailed. So the amendment was adopted.

H. F. No. 568 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 51 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Renneke	Stumpf
Ashbach	Gunderson	Laufenburger	Schaaf	Tennesen
Bernhagen	Hughes	Lessard	Schmitz	Ueland, A.
Brataas	Humphrey	Luther	Setzepfandt	Ulland, J.
Chenoweth	Jensen	Menning	Sieloff	Vega
Chmielewski	Johnson	Merriam	Sikorski	Wegener
Davies	Keefe, J.	Ogdahl	Sillers	Willet
Dieterich	Keefe, S.	Olhoft	Solon	
Dunn	Kleinbaum	Olson	Spear	
Engler	Knaak	Penny	Stokowski	
Frederick	Knoll	Perpich	Strand	

Mr. Benedict and Mrs. Staples voted in the negative.

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

SPECIAL ORDER

H. F. No. 235: A bill for an act relating to state parks; removing certain lands from within the boundaries of Split Rock Lighthouse State Park and Judge C. R. Magney State Park; adding lands to the boundaries of Split Rock Lighthouse State Park and Afton State Park.

Mr. Sikorski moved to amend H. F. No. 235 as follows:

Page 3, after line 8, insert:

"Sec. 5. The commissioner of natural resources in the name of the state shall, for fair market value excluding improvements, convey by quitclaim deed in a form approved by the attorney general, the following described real property to adjoining property owners to

resolve problems arising from the inadvertent placement of a fence, building, and other developments on state property:

That part of the Southwest Quarter of the Southwest Quarter (SW $\frac{1}{4}$ SW $\frac{1}{4}$), Section Thirty-one (31), Township Thirty-two (32) North, Range Nineteen (19) West, Washington County, Minnesota, described as follows:

Beginning at the southeast corner of said Southwest Quarter of the Southwest Quarter; thence on an assumed bearing of North 02 40' 33" West, 1021.30 feet along the east line of said Southwest Quarter of the Southwest Quarter; thence South 87 19' 27" West, 1.11 feet; thence South 01 26' 54" East, 567.26 feet; thence South 02 35' 06" East, 252.11 feet; thence South 01 14' 45" East, 201.53 feet to the south line of said Southwest Quarter of the Southwest Quarter; thence North 89 07' 19" East, 18.70 feet along the south line of said Southwest Quarter of the Southwest Quarter to the point of beginning; containing 0.25 acres."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, before the period, insert "; conveying the state's interests in certain lands"

The motion prevailed. So the amendment was adopted.

H. F. No. 235 was then progressed.

SPECIAL ORDER

H. F. No. 395: A bill for an act relating to state historic sites; authorizing management contracts with counties, municipalities, or county or local historical societies.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Laufenburger	Perpich	Spear
Bang	Gearty	Lessard	Purfeerst	Staples
Benedict	Gunderson	Luther	Renneke	Stokowski
Bernhagen	Hanson	McCutcheon	Rued	Strand
Brataas	Hughes	Menning	Schaaf	Stumpf
Chenoweth	Humphrey	Merriam	Schmitz	Tennessee
Chmielewski	Johnson	Moe	Setzepfandt	Ueland, A.
Davies	Keefe, S.	Ogdahl	Sieloff	Ulland, J.
Dieterich	Knaak	Olhoft	Sikorski	Vega
Dunn	Knoll	Olson	Sillers	Wegener
Engler	Knutson	Penny	Solon	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 819: A bill for an act relating to local government; fixing a maximum amount for airport revenue certificates; amending Minnesota Statutes 1978, Section 360.71.

Mr. Nichols moved to amend H. F. No. 819, as amended pursuant to Rule 49, adopted by the Senate April 16, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 884.)

Page 1, line 11, strike "five" and insert "*seven and one-half*"

The motion prevailed. So the amendment was adopted.

H. F. No. 819 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 54 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Laufenburger	Penny	Spear
Bang	Gunderson	Lessard	Perpich	Staples
Benedict	Hughes	Luther	Renneke	Stokowski
Bernhagen	Humphrey	McCutcheon	Rued	Strand
Brataas	Johnson	Menning	Schaaf	Stumpf
Chenoweth	Keefe, J.	Merriam	Schmitz	Tennessee
Chmielewski	Keefe, S.	Moe	Setzepfandt	Ueland, A.
Dieterich	Kleinbaum	Nichols	Sieloff	Ulland, J.
Dunn	Knaak	Ogdahl	Sikorski	Vega
Engler	Knoll	Olhoft	Sillers	Wegener
Frederick	Knutson	Olson	Solon	

Messrs. Davies, Nelson and Willet voted in the negative.

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

SPECIAL ORDER

H. F. No. 1011: A bill for an act relating to labor; master and apprentice; identifying the ex officio member of the advisory council; authorizing equal opportunity in employment standards; providing for reciprocity recognition of certain programs; changing the terms of apprenticeships; changing the range in apprenticeship committee membership; amending Minnesota Statutes 1978, Sections 178.02, Subdivision 1; 178.03, Subdivision 3, and by adding a subdivision; 178.05, Subdivision 2; and 178.06.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Bernhagen	Chmielewski	Dunn	Gunderson
Bang	Brataas	Davies	Engler	Hanson
Benedict	Chenoweth	Dieterich	Gearty	Hughes

Humphrey	Luther	Olson	Setzepfandt	Strand
Johnson	McCutcheon	Penny	Sieloff	Stumpf
Keefe, S.	Menning	Perpich	Sikoraki	Tennessee
Kleinbaum	Merriam	Purfeerst	Sillers	Ueland, A.
Knaak	Moe	Renneke	Solon	Ulland, J.
Knutson	Nelson	Rued	Spear	Willet
Laufenburger	Ogdahl	Schaaf	Staples	
Lessard	Olhoft	Schmitz	Stokowski	

So the bill passed and its title was agreed to.

RECONSIDERATION

Mr. Rued moved that the vote whereby H. F. No. 659 was passed by the Senate on May 10, 1979, be now reconsidered. The motion prevailed.

H. F. No. 659: A bill for an act relating to local government; providing for facilities of the jointly owned airport of the city of Brainerd and Crow Wing County; authorizing the issuance of bonds to finance the acquisition and betterment of airport facilities; repealing Laws 1965, Chapter 152.

Mr. Rued moved that the amendment made to H. F. No. 659 by the Committee on Rules and Administration in the report adopted April 23, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H. F. No. 659 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Penny	Spear
Ashbach	Gearty	Knutson	Perpich	Staples
Bang	Gunderson	Laufenburger	Purfeerst	Stokowski
Benedict	Hanson	Lessard	Renneke	Strand
Bernhagen	Hughes	Luther	Rued	Stumpf
Brataas	Humphrey	McCutcheon	Schaaf	Tennessee
Chenoweth	Johnson	Menning	Schmitz	Ueland, A.
Chmielewski	Keefe, J.	Merriam	Setzepfandt	Ulland, J.
Davies	Keefe, S.	Moe	Sieloff	Vega
Dieterich	Kirchner	Nelson	Sikoraki	Wegener
Dunn	Kleinbaum	Olhoft	Sillers	Willet
Engler	Knaak	Olson	Solon	

So the bill passed and its title was agreed to.

The question recurred on H. F. No. 235.

Mr. Willet moved to amend H. F. No. 235 as follows:

Page 3, after line 8, insert:

"Sec. 4. [LAKE BEMIDJI STATE PARK.] The following areas are added to Lake Bemidji State Park: The Southwest Quarter of the Northeast Quarter of Section 14; the West Half of the Southeast Quarter except the West 20 Rods and except

the South 200 feet thereof of Section 14; all in Township 147 North, Range 33 West.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, before the period, insert “; expanding the boundaries of Lake Bemidji State Park”

The motion prevailed. So the amendment was adopted.

H. F. No. 235 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Garty	Laufenburger	Perpich	Staples
Bang	Gunderson	Lessard	Purfeerst	Stokowski
Benedict	Hanson	Luther	Renneke	Strand
Bernhagen	Hughes	McCutcheon	Rued	Stumpf
Brataas	Humphrey	Menning	Schaaf	Tennessee
Chenoweth	Johnson	Merriam	Schmitz	Ueland, A.
Chmielewski	Keefe, J.	Moe	Setzepfandt	Ueland, J.
Davies	Keefe, S.	Nelson	Sieloff	Vega
Dieterich	Kirchner	Nichols	Sikorski	Wegener
Dunn	Kleinbaum	Olhoft	Sillers	Willet
Engler	Knaak	Olson	Solon	
Frederick	Knutson	Penny	Spear	

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

SPECIAL ORDER

H. F. No. 921: A bill for an act relating to the city of Ham Lake, Anoka County; extending scope of subdivision regulations within its corporate boundaries.

Mr. Anderson moved to amend H. F. No. 921 as follows:

Page 2, after line 2, insert:

“Sec. 3. For the city of Ham Lake in Anoka County, the term “urban district” as defined in Minnesota Statutes, Section 169.01. Subdivision 59, shall include those portions of all roads in platted or unplatted areas having residential use, where the adjacent land is built up with structures situated at intervals of less than 300 feet. This definition shall not apply to any road or street which is a part of the trunk highway system, the county state aid highway system, or the municipal state aid street system.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after “boundaries” insert “; changing the application of urban district in the Minnesota Highway Traffic Regulation Act”

The motion prevailed. So the amendment was adopted.

Mr. Tennesen moved to amend H. F. No. 921 as follows:

Page 2, line 5, before the period, insert "and is only effective to transfers made after the effective date of this act"

The motion prevailed. So the amendment was adopted.

H. F. No. 921 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 43 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Kleinbaum	Penny	Staples
Bang	Gerty	Knoll	Perpich	Strand
Benedict	Gunderson	Knutson	Purfeerst	Stumpf
Bernhagen	Hanson	Laufenburger	Rued	Tennesen
Brataas	Hughes	Lessard	Schaaf	Ulland, J.
Chmielewski	Humphrey	Luther	Schmitz	Wegener
Davies	Johnson	Menning	Setzepfandt	Willet
Dieterich	Keefe, S.	Merriam	Sikorski	
Dunn	Kirchner	Olhoft	Spear	

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

Mr. Anderson moved that S. F. No. 962, No. 50 on Special Orders, be stricken and returned to its author. The motion prevailed.

SPECIAL ORDER

H. F. No. 1063: A bill for an act relating to the city of Duluth; increasing the number of directors on the Duluth transit authority and permitting representation of the city of Superior, Wisconsin; amending Laws 1969, Chapter 720, Sections 1, as amended, and 11, Subdivision 3.

Mr. Ulland, J. moved to amend H. F. No. 1063, as follows:

Page 1, delete line 23

Page 2, delete lines 1 and 2

Page 2, after line 2, insert:

"Sec. 2. Laws 1969, Chapter 720, Section 2, is amended to read:

Sec. 2. The directors shall serve without compensation, and may be reimbursed for authorized out of pocket expenses incurred in the fulfillment of their duties. The original term of one of the directors shall be for one year; the original term of two of the directors shall be for two years; and the original term of two of the directors shall be for three years, and *Directors shall serve until their respective successors are appointed and qualified. Subsequent Terms of directors shall be for three years. All terms shall and staggered so that three expire on June 30 of the appropriate each year.* Whenever a vacancy on such authority shall occur by reason of resignation, death, removal from the city or the councilmanic district,

or removal for failure or neglect to perform duties of a director, such vacancy shall be filled for the unexpired term. All appointments and removals of directors of the authority shall be made by the mayor, with the approval of the city council, evidenced by resolution. Every appointee who shall fail within ten days after notification of his appointment to file with the city clerk his oath or affirmation to perform faithfully, honestly, and impartially the duties of his office, shall be deemed to have refused such appointment, and thereupon another person shall be appointed in the manner prescribed in this section.

The city of Superior, Wisconsin shall transmit the name of one person to the mayor and council of the city of Duluth, to be appointed by the city of Duluth to serve as one of the nine directors during any time the city of Superior agrees with the authority to provide transit service to Superior. His term and other conditions of service shall be the same as that of other directors except that his term shall end if the city of Superior ceases to contract for service. If the city of Superior does not transmit a name or the city of Duluth does not appoint the named person, the city of Duluth may appoint another person."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "Wisconsin;" insert "providing for directors' terms;"

Page 1, line 6, after "amended" delete the comma and insert "2;"

The motion prevailed. So the amendment was adopted.

H. F. No. 1063 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 46 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Rued	Stumpf
Bang	Gearty	Knutson	Schaaf	Tennessen
Benedict	Gunderson	Laufenburger	Schmitz	Ueland, A.
Bernhagen	Hanson	Luther	Setzepfandt	Ulland, J.
Brataas	Hughes	Menning	Sikorski	Wegener
Chenoweth	Humphrey	Merriam	Solon	Willet
Chmielewski	Johnson	Olhoff	Spear	
Davies	Keefe, S.	Penny	Staples	
Dieterich	Kirchner	Perpich	Stokowski	
Dunn	Kleinbaum	Renneke	Strand	

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

SPECIAL ORDER

H. F. No. 594: A bill for an act relating to human rights; requiring the commissioner of human rights to follow certain pro-

cedures in an investigation of allegations of unfair discriminatory practices; amending Minnesota Statutes 1978, Section 363.06, Subdivision 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Purfeerst	Stokowski
Bang	Gearty	Laufenburger	Renneke	Strand
Benedict	Gunderson	Lessard	Rued	Stumpf
Bernhagen	Hanson	Luther	Schaaf	Ueland, A.
Brataas	Hughes	Menning	Schmitz	Ulland, J.
Chenoweth	Humphrey	Merriam	Setzepfandt	Wegener
Chmielewski	Johnson	Nelson	Sieloff	Willet
Davies	Keefe, S.	Olhoff	Sikorski	
Dieterich	Kirchner	Olson	Sillers	
Dunn	Kleinbaum	Penny	Spear	
Engler	Knaak	Perpich	Staples	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 318: A bill for an act relating to real estate; providing for the conveyance and limiting the severance of joint tenancy interests; permitting certain contracts and conveyances between husband and wife; amending Minnesota Statutes 1978, Sections 500.19, Subdivision 2, and by adding subdivisions; 507.02; and 519.06.

Mr. Wegener moved that the amendment made to H. F. No. 318 by the Committee on Rules and Administration in the report adopted April 21, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H. F. No. 318 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Laufenburger	Purfeerst	Stokowski
Bang	Hanson	Lessard	Renneke	Strand
Benedict	Hughes	Luther	Rued	Stumpf
Bernhagen	Humphrey	Menning	Schaaf	Tennessee
Chenoweth	Johnson	Merriam	Schmitz	Ueland, A.
Chmielewski	Keefe, S.	Nelson	Setzepfandt	Ulland, J.
Davies	Kirchner	Nichols	Sieloff	Wegener
Dieterich	Kleinbaum	Olhoff	Sikorski	Willet
Dunn	Knaak	Olson	Sillers	
Engler	Knoll	Penny	Spear	
Gearty	Knutson	Perpich	Staples	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 757: A bill for an act relating to commerce; exempting certain sales of motor vehicles from provisions regulating home solicitation sales; amending Minnesota Statutes 1978, Section 325.933, Subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Knutson	Penny	Spear
Bang	Hanson	Laufenburger	Perpich	Staples
Benedict	Hughes	Lessard	Purfeerst	Stokowski
Bernhagen	Humphrey	Luther	Renneke	Strand
Chenoweth	Johnson	Menning	Schaaf	Stumpf
Chmielewski	Keefe, S.	Merriam	Schmitz	Tennessee
Dieterich	Kirchner	Nelson	Setzpfandt	Ueland, A.
Dunn	Kleinbaum	Nichols	Sieloff	Ulland, J.
Engler	Knaak	Olhoff	Sikorski	Wegener
Gearty	Knoll	Olson	Sillers	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 487: A bill for an act relating to education; authorizing school districts to discontinue certain grades and provide instruction by contract with other districts; providing for calculation of aids, levies and tuition agreements; providing for the employment rights of teachers in participating districts; amending Minnesota Statutes 1978, Sections 122.41; 122.43, Subdivision 1; 122.44, Subdivision 1; and Chapter 122, by adding a section.

Mr. Nichols moved to amend H. F. No. 487 as follows:

Page 4, line 19, delete "*March*" and insert "*June*"

The motion prevailed. So the amendment was adopted.

H. F. No. 487 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dieterich	Johnson	Lessard	Penny
Bang	Dunn	Keefe, S.	Luther	Perpich
Benedict	Engler	Kirchner	Menning	Purfeerst
Bernhagen	Gearty	Kleinbaum	Merriam	Renneke
Brataas	Gunderson	Knaak	Nelson	Rued
Chenoweth	Hanson	Knoll	Nichols	Schaaf
Chmielewski	Hughes	Knutson	Olhoff	Schmitz
Davies	Humphrey	Laufenburger	Olson	Setzpfandt

Sieloff	Spear	Strand	Ueland, A.	Willet
Sikorski	Staples	Stumpf	Ulland, J.	
Sillers	Stokowski	Tennessee	Wegener	

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

SPECIAL ORDER

H. F. No. 248: A bill for an act relating to banks and banking; authorizing state banks to lease personal property under certain conditions; amending Minnesota Statutes 1978, Section 48.152.

Mr. Davies moved to amend H. F. No. 248 as follows:

Page 4, after line 3, insert:

“Sec. 2. Minnesota Statutes 1978, Chapter 50, is amended by adding a section to read:

[50.1465] [SERVICE CORPORATION.] *Subdivision 1. In addition to other investments authorized by law, a mutual savings bank may invest in the following:*

The capital stock, obligations, or other securities of any corporation organized under the laws of this state if all or a majority of the capital stock of the corporation is owned by the mutual savings bank, and if substantially all of the activity of the corporation consists of originating, making, purchasing, selling and servicing loans, and participation in loans, secured by real estate including brokerage and warehousing of such real estate loans.

Subd. 2. No mutual savings bank may make any investment under subdivision 1 if its aggregate outstanding investment under this section exceeds five percent of the assets of the mutual savings bank.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after “conditions;” insert “authorizing service corporations for mutual savings banks;”

Page 1, line 5, before the period, insert “; and Chapter 50, by adding a section”

The motion prevailed. So the amendment was adopted.

H. F. No. 248 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 43 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Humphrey	Knutson	Nichols
Bang	Engler	Keefe, S.	Laufenburger	Olhoff
Benedict	Gearty	Kirchner	Lessard	Olson
Bernhagen	Gunderson	Kleinbaum	Merriam	Penny
Brataas	Hanson	Knaak	Moe	Purfeerst
Chmielewski	Hughes	Knoll	Nelson	Renneke

Rued	Setzepfandt	Sillers	Strand	Wegener
Schaaf	Sieloff	Staples	Ueland, A.	
Schmitz	Sikoraki	Stokowski	Ulland, J.	

Those who voted in the negative were:

Chenoweth	Dieterich	Luther	Perpich	Stumpf
Davies	Johnson	Menning	Spear	Willet

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

SPECIAL ORDER

H. F. No. 386: A bill for an act relating to the range association of municipalities and schools; providing for the court standing of the association; amending Minnesota Statutes 1978, Section 471.58.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Purfeerst	Stokowski
Bang	Gearty	Laufenburger	Renneke	Strand
Benedict	Gunderson	Lessard	Rued	Stumpf
Bernhagen	Hanson	Luther	Schaaf	Tennessee
Brataas	Hughes	Menning	Schmitz	Ueland, A.
Chenoweth	Humphrey	Merriam	Setzepfandt	Ulland, J.
Chmielewski	Johnson	Moe	Sieloff	Willet
Coleman	Keefe, S.	Olhoff	Sillers	
Davies	Kirchner	Olson	Solon	
Dieterich	Kleinbaum	Penny	Spear	
Dunn	Knaak	Perpich	Staples	

Messrs. Nelson and Sikorski voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1386: A bill for an act relating to the city of St. Paul; fixing the rate of the franchise fee for utility supplies to residential dwellings.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Coleman	Hanson	Knaak	Merriam
Bang	Davies	Hughes	Knoll	Nelson
Benedict	Dieterich	Humphrey	Laufenburger	Olhoff
Bernhagen	Dunn	Johnson	Lessard	Olson
Brataas	Engler	Keefe, S.	Luther	Penny
Chenoweth	Gearty	Kirchner	McCutcheon	Perpich
Chmielewski	Gunderson	Kleinbaum	Menning	Purfeerst

Renneke	Setzepfandt	Solon	Strand	Ulland, J.
Rued	Sieloff	Spear	Stumpf	Willet
Schaaf	Sikorski	Staples	Tennessee	
Schmitz	Sillers	Stokowski	Ueland, A.	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1411: A bill for an act relating to Beltrami County; providing for disposition of the proceeds from the sale or rental of tax forfeited lands or from the sale of their products; increasing the amount that may be spent for promotion of tourist, agricultural and industrial developments; amending Laws 1967, Chapter 558, Section 1, Subdivision 5.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knoll	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Purfeerst	Stokowski
Bernhagen	Hughes	Luther	Renneke	Strand
Brataas	Humphrey	McCutcheon	Rued	Stumpf
Chenoweth	Jensen	Menning	Schaaf	Ueland, A.
Chmielewski	Johnson	Merriam	Schmitz	Ulland, J.
Davies	Keefe, S.	Nelson	Setzepfandt	Vega
Dieterich	Kirchner	Ogdahl	Sieloff	Willet
Dunn	Kleinbaum	Olhoft	Sikorski	
Engler	Knaak	Olson	Sillers	

Mr. Tennessee voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 810: A bill for an act relating to motor vehicles; providing for taxing and registering modified vehicles manufactured prior to 1949; regulating storage of modified vehicles and requiring certain equipment; providing for use of original plates on certain vehicles; amending Minnesota Statutes 1978, Section 168.10.

Mr. Nelson moved to amend H. F. No. 810 as follows:

Page 12, after line 27, insert:

"Sec. 2. Minnesota Statutes 1978, Section 471.665, Subdivision 1, is amended to read:

471.665 [MILEAGE ALLOWANCES.] Subdivision 1. ~~Except as provided in subdivision 3,~~ The maximum amount which shall be paid by any county, home rule charter or statutory city, town, or school district, to any officer or employee as compensation or reimbursement for the use by the officer or employee of his own

automobile in the performance of his duties shall ~~not exceed 16 cents a mile~~ *be set by the town board or other governing body of the unit in an amount not exceeding that provided by the commissioner of personnel for state officers and employees.*"

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "providing that private motor vehicle mileage allowances be set locally;"

Page 1, delete line 8 and insert "Sections 168.10; and 471.665, Subdivision 1."

The motion prevailed. So the amendment was adopted.

Mr. Keefe, S. moved to amend H. F. No. 810 as follows:

Page 12, after line 27, insert:

"Sec. 2. Minnesota Statutes 1978, Section 168.33, Subdivision 2, is amended to read:

Subd. 2. [POWERS.] The registrar shall have the power to appoint, hire and discharge and fix the compensation of the necessary employees, in the manner provided by law, as may be required to enable him to properly carry out the duties imposed upon him by the provisions of this chapter. As of April 14, 1976, the registrar may appoint, and for cause discontinue, a deputy registrar for any city as the public interest and convenience may require, without regard to whether the county auditor of the county in which the city is situated has been appointed as the deputy registrar for the county or has been discontinued as the deputy registrar for the county, and without regard to whether the county in which the city is situated has established a county license bureau which issues motor vehicle licenses as provided in section 373.32.

Effective August 1, 1976, the registrar may appoint, and for cause discontinue, a deputy registrar for any city as the public interest and convenience may require, if the auditor for the county in which the city is situated chooses not to accept appointment as the deputy registrar for the county or is discontinued as a deputy registrar, or if the county in which the city is situated has not established a county license bureau which issues motor vehicle license as provided in section 373.32. Any person appointed *by the registrar* as a deputy registrar for any city shall be a resident of the county in which the city is situated.

The registrar may appoint, and for cause discontinue, the county auditor of each county as a deputy registrar. The auditor, with the approval of the director of motor vehicles, may appoint and for cause discontinue, the clerk or equivalent officer of each city or any other person as a deputy registrar as public interest and convenience may require, *regardless of his county of residence*. Notwithstanding any other provision, a person other than a county auditor or a director of a county license bureau, who was appointed by the registrar before August 1, 1976, as a deputy registrar for any city, may continue to serve as deputy registrar and may be discontinued for cause only by the registrar. The county auditor shall be responsible for the acts of deputy regis-

trars appointed by him. Each such deputy, before entering upon the discharge of his duties, shall take and subscribe an oath to faithfully discharge his duties and to uphold the laws of the state. If a deputy registrar appointed hereunder is not an officer or employee of a county or city, such deputy shall in addition give bond to the state in the sum of \$10,000, or such larger sum as may be required by the registrar, conditioned upon the faithful discharge of his duties as deputy registrar. Each deputy registrar appointed hereunder shall keep and maintain, in a convenient public place within the place for which he is appointed, a registration and motor vehicle tax collection bureau, to be approved by the registrar, for the registration of motor vehicles and the collection of motor vehicle taxes thereon. He shall keep such records and make such reports to the registrar as that officer, from time to time, may require. Such records shall be maintained at the facility of the deputy registrar. The records and facilities of the deputy registrar shall at all times be open to the inspection of the registrar or his agents. He shall report daily to the registrar all registrations made and taxes and fees collected by him. The filing fee imposed pursuant to subdivision 7 shall be deposited in the treasury of the place for which he is appointed, or if such deputy is not a public official, he shall retain the filing fee, but the registration tax and any additional fees for delayed registration he has collected he shall deposit each day in an approved state depository to the credit of the state through the state treasurer. *Upon sworn application accompanied by a dishonored instrument presented as conditional payment for registration tax and any additional fees, the registrar shall credit the deputy registrar with the amount of the registration tax and the additional fees and revoke the registration obtained by means of the dishonored instrument.* The place for which the deputy registrar is appointed through its governing body shall provide the deputy registrar with facilities and personnel to carry out the duties imposed by this subdivision if such deputy is a public official. In all other cases, the deputy shall maintain a suitable facility for serving the public."

Delete the title amendment on the Nelson amendment adopted May 10, 1979 to page 1, line 8 and amend the title as follows:

Page 1, line 7, after the semicolon insert "authorizing county auditor to appoint deputy registrar without regard to registrar's county of residence; providing for revocation of dishonored instrument;"

Page 1, line 8, delete "Section 168.10" and insert "Sections 168.10; 168.33, Subdivision 2; and 471.665, Subdivision 1."

The motion prevailed. So the amendment was adopted.

H. F. No. 810 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Kleinbaum	Olhoft	Sillers
Bang	Frederick	Knaak	Olson	Spear
Benedict	Gearty	Knoll	Penny	Stokowaki
Bernhagen	Gunderson	Laufenburger	Perpich	Strand
Brataas	Hanson	Lessard	Purfeerst	Stumpf
Chenoweth	Hughes	Luther	Renneke	Tennessee
Chmielewski	Humphrey	McCutcheon	Rued	Ueland, A.
Coleman	Jensen	Menning	Schaaf	Ulland, J.
Davies	Johnson	Merriam	Schmitz	Vega
Dieterich	Keefe, S.	Nelson	Setzepfandt	Wegener
Dunn	Kirchner	Ogdahl	Sikoraki	Willet

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

Without objection, the Senate reverted to the Order of Business of Introduction and First Reading of Senate Bills, Messages From the House and First Readings of House Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Dieterich introduced—

S. F. No. 1568: A bill for an act relating to securities; applying certain provisions regulating sales to investment advisers and investment adviser representatives; exempting other persons from regulation as investment advisers; setting fees; requiring registration of mining right prospect sales; amending Minnesota Statutes 1978, Sections 80A.04, Subdivisions 1 and 3; 80A.05, Subdivisions 1 and 3; 80A.07, Subdivisions 1, 4 and 5; 80A.12, Subdivision 3; 80A.14; 80A.15, Subdivisions 1 and 2; 80A.21, Subdivision 1; 80A.28, Subdivisions 2, 7, and by adding a subdivision; and 80A.30, Subdivision 1.

Referred to the Committee on Commerce.

Mr. Moe, for the Committee on Finance, introduced—

S. F. No. 1569: A bill for an act relating to public improvements; authorizing the acquisition and betterment of public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of state building bonds; appropriating money.

Under the rules of the Senate, laid over one day.

Mr. Moe, for the Committee on Finance, introduced—

S. F. No. 1570: A bill for an act relating to public improvements; authorizing alteration, repair, rehabilitation, equipping, and replacement of equipment of public buildings with certain conditions;

authorizing purchase and sale of public lands and buildings; appropriating money.

Under the rules of the Senate, laid over one day.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File herewith transmitted: H. F. No. 738.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 10, 1979

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H. F. No. 738: A bill for an act relating to the collection and dissemination of data; classifying data; clarifying information practices; extending the period of time during which the emergency classifications of data may be made; defining terms; clarifying the duties of the responsible authority; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Sections 15.1642, Subdivisions 3 and 5; and 15.165; and Chapter 15, by adding sections; repealing Minnesota Statutes 1978, Sections 15.162; 15.163; 15.1641; 15.1642, Subdivision 4; 15.166; 15.167; 15.1671; 15.169; and 15.17, Subdivision 4.

Mr. Tennesen moved that H. F. No. 738 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 10:00 o'clock a.m., Friday, May 11, 1979. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FIFTY-SECOND DAY

St. Paul, Minnesota, Friday, May 11, 1979

The Senate met at 10:00 o'clock a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Frederick	Knaak	Olson	Staples
Ashbach	Gearty	Laufenburger	Pillsbury	Strand
Bang	Gunderson	Luther	Purfeerst	Stumpf
Benedict	Hanson	McCutcheon	Rued	Ueland, A.
Brataas	Hughes	Menning	Setzpfandt	Ulland, J.
Coleman	Jensen	Moe	Sieloff	Vega
Davies	Johnson	Nelson	Sikorski	Wegener
Dieterich	Kirchner	Ogdahl	Solon	Willet
Engler	Kleinbaum	Olhoft	Spear	

The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Michael E. Kartes.

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

Anderson	Frederick	Knoll	Olson	Sillers
Ashbach	Gearty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessee
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzpfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoft	Sikorski	Willet

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Mr. Schrom was excused from the Session of today. Mr. Perpich was excused from the Session of today until 11:00 o'clock a.m.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time and referred to the committee indicated.

Mr. Frederick introduced —

S. F. No. 1571: A bill for an act relating to taxes; permitting changes in local mill levies when approved in elections; amending Minnesota Statutes 1978, Section 275.58.

Referred to the Committee on Taxes and Tax Laws.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 255, 579, 615, 947, 1040 and 1376.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 10, 1979

Mr. President:

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

S. F. No. 830: A bill for an act relating to education; requiring the state board for vocational education and the higher education coordinating board to review a new program for an area vocational-technical institute within a time limit; amending Minnesota Statutes 1978, Chapter 121, by adding a section; and Section 136A.04.

Senate File No. 830 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 10, 1979

Mr. Dieterich moved that S. F. No. 830 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 90, 213, 897, 1364, 907, 1238, 970, 567, 1198 and 1309.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 10, 1979

FIRST READING OF HOUSE BILLS

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

H. F. No. 90: A bill for an act relating to taxation; inheritance tax; changing provisions for commissioner's certification of satis-

faction of tax lien on affidavits or instruments of conveyance; amending Minnesota Statutes 1978, Section 291.14, Subdivisions 1a, 2, and by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

H. F. No. 213: A bill for an act relating to taxation; income tax; clarifying apportionment of charitable contribution deduction for certain taxpayers; amending Minnesota Statutes 1978, Section 290.21, Subdivision 3.

Referred to the Committee on Taxes and Tax Laws.

H. F. No. 897: A bill for an act relating to taxation; income tax and property tax refund; clarifying political checkoff provisions; providing that farm loss modification is adjustment to gross income; clarifying filing dates; providing penalties; clarifying audit procedures; amending Minnesota Statutes 1978, Sections 10A.31, Subdivision 1; 290.01, Subdivision 20; 290.17, Subdivision 1; 290.41, Subdivision 2; 290.42; 290.49, Subdivision 10; 290.56, Subdivision 2; 290.92, Subdivision 23; 290A.03, Subdivision 3; 290A.06; and 290A.11, Subdivisions 2 and 4.

Referred to the Committee on Taxes and Tax Laws.

H. F. No. 1364: A bill for an act relating to the regulation of securities; exempting certain securities from certain registration and filing requirements; amending Minnesota Statutes 1978, Section 80A.15, Subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1343 now on Special Orders.

H. F. No. 907: A bill for an act relating to retirement; judges retirement fund; including the conciliation court of the city of Duluth in certain provisions governing judicial retirement; transferring the obligations and assets of the county and probate court judges survivors' account to the judges retirement fund; amending Minnesota Statutes 1978, Sections 490.121, Subdivision 2; and 490.124, Subdivision 8; repealing Minnesota Statutes 1978, Section 490.12, Subdivisions 7 and 8.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 959 now on Special Orders.

H. F. No. 1238: A bill for an act relating to crimes; prohibiting the obtaining or retaining of a child in violation of a court order; prescribing penalties; amending Minnesota Statutes 1978, Section 609.26.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1370 now in the Subcommittee on Bill Scheduling.

H. F. No. 970: A bill for an act relating to unemployment compensation; limiting benefits paid to certain owners and rela-

tives of certain businesses; amending Minnesota Statutes 1978, Section 268.07, Subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1314 now on Special Orders.

H. F. No. 567: A bill for an act relating to privacy of communications; permissible monitoring; amending Minnesota Statutes 1978, Section 626A.02, Subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 838 now on Special Orders.

H. F. No. 1198: A bill for an act relating to wild animals; altering or eliminating certain provisions in regard to the taking, possessing, or transporting of game or fish; amending Minnesota Statutes 1978, Sections 98.45, Subdivision 1; 100.27, Subdivision 4; 100.29, Subdivisions 7, 14, and 19; and 101.42, Subdivision 18, and by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1292 now on Special Orders.

H. F. No. 1309: A bill for an act relating to mobile homes; regulating space and lot rentals and leases; regulation of mobile home parks; prohibiting unreasonable park rules and regulations; requiring notice; specifying grounds for eviction and access; prohibiting retaliatory conduct; amending Minnesota Statutes 1978, Sections 327.20, by adding a subdivision; 327.42, Subdivision 2, and by adding subdivisions; 327.43, Subdivision 2, and by adding a subdivision; 327.44; and Chapter 327, by adding sections.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1280 now in the Subcommittee on Bill Scheduling.

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

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

H. F. No. 643: A bill for an act relating to marriage; eliminating certain information from the marriage license application; defining terms; requiring personal service in a dissolution; providing for the court's findings in an uncontested dissolution; providing mutual restraining orders pending a dissolution; providing additional relevant factors for making custody determinations and for awarding maintenance; permitting retroactive modification of support and maintenance orders for inability to pay; amending Minnesota Statutes 1978, Sections 517.03; 517.08, Subdivision 1a; 518.07; 518.09; 518.10; 518.13; 518.135, Subdivision 2; 518.155; 518.156; 518.165; 518.17, Subdivision 1; 518.175, Subdivision 1;

518.176; 518.54, Subdivision 5; 518.55; 518.551; 518.552, Subdivision 2; 518.58; 518.64, Subdivision 2; 518.66; and Chapter 518, by adding a section.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 517.03, is amended to read:

517.03 [PROHIBITED MARRIAGES.] The following marriages are prohibited:

(a) A marriage entered into prior to before the dissolution of an earlier marriage of one of the parties becomes final, as provided in section 518.145 or by the law of the jurisdiction where the dissolution was granted;

(b) A marriage between an ancestor and a descendant, or between a brother and a sister, whether the relationship is by the half or the whole blood or by adoption;

(c) A marriage between an uncle and a niece, between an aunt and a nephew, or between first cousins, whether the relationship is by the half or the whole blood, except as to marriages permitted by the established customs of aboriginal cultures; provided, however, that mentally deficient persons committed to the guardianship of the commissioner of public welfare and mentally deficient persons committed to the conservatorship of the commissioner of public welfare in which the terms of the conservatorship limit the right to marry, may marry on receipt of written consent of the commissioner. The commissioner shall grant consent unless it appears from his investigation that the marriage is not in the best interest of the ward or conservatee and the public. The clerk of the district court in the county where the application for a license is made by the ward or conservatee shall not issue the license unless he has received a signed copy of the consent of the commissioner of public welfare.

Sec. 2. Minnesota Statutes 1978, Chapter 518, is amended by adding a section to read:

[518.003] [DEFINITIONS.] *Subdivision 1. For the purposes of chapter 518, the following terms have the meanings provided in this section unless the context clearly requires otherwise.*

Subd. 2. "Residence" means the place where a party has established a permanent home from which the party has no present intention of moving.

Sec. 3. Minnesota Statutes 1978, Section 518.005, Subdivision 3, is amended to read:

Subd. 3. The initial pleading in all proceedings under sections 518.001 to 518.66 shall be denominated a petition. A responsive

pleading shall be denominated a ~~response~~ *an answer*. Other pleadings shall be denominated as provided in the rules of civil procedure.

Sec. 4. Minnesota Statutes 1978, Section 518.06, Subdivision 1, is amended to read:

518.06 [DISSOLUTION OF MARRIAGE; LEGAL SEPARATION.] Subdivision 1. *A dissolution of marriage is the termination of the marital relationship between a husband and wife. A decree of dissolution completely terminates the marital status of both parties. A legal separation is a court determination of the rights and responsibilities of a husband and wife arising out of the marital relationship. A decree of legal separation does not terminate the marital status of the parties. A dissolution of a marriage may shall be granted by a county or district court when the court finds that there has been an irretrievable breakdown of the marriage relationship.*

A decree of legal separation shall be granted when the court finds that one or both parties need a legal separation.

Defenses to divorce, dissolution and legal separation, including but not limited to condonation, connivance, collusion, recrimination, insanity, and lapse of time, are abolished.

Sec. 5. Minnesota Statutes 1978, Section 518.06, Subdivision 3, is amended to read:

Subd. 3. ~~If a party requests one or both parties petition for a decree of legal separation rather than and neither party contests the granting of the decree nor petitions for a decree of dissolution of marriage, the court shall grant the decree in that form unless the other party objects a decree of legal separation.~~

Sec. 6. Minnesota Statutes 1978, Section 518.07, is amended to read:

518.07 [RESIDENCE OF PARTIES.] No dissolution or legal separation shall be granted unless (1) one of the parties has resided in this state, or has been a member of the armed services stationed in this state, for *not less than 180 days immediately preceding the commencement of the proceeding*; or (2) one of the parties has been a domiciliary of this state for not less than 180 days *immediately preceding commencement of the proceeding*.

Sec. 7. Minnesota Statutes 1978, Section 518.09, is amended to read:

518.09 [PROCEEDING; HOW AND WHERE BROUGHT; VENUE.] A proceeding for dissolution or legal separation may be brought by either or both spouses and shall be commenced by *personal service of the summons and petition venued* in the county where the petitioner resides or, if the petitioner is not a resident of the state, then *venued* in the county where the respondent resides. If neither party resides in the state and jurisdiction is based on the domicile of one or both of the parties, the proceeding may be brought in the county where either party is domiciled. This venue

shall be subject to the power of the court to change the place of hearing by consent of the parties, or when it appears to the court that an impartial hearing cannot be had in the county where the proceedings are pending, or when the convenience of the parties or the ends of justice would be promoted by the change. *No summons shall be required if a joint petition is filed.*

Sec. 8. Minnesota Statutes 1978, Section 518.10, is amended to read:

518.10 [REQUISITES OF PETITION.] The petition for dissolution of marriage or legal separation shall *state and allege*:

(1) *State the name and address of the petitioner and his attorney and the length of petitioner's residence in this state;*

(2) *State the place and date of marriage of the parties;*

(3) *State the name and address, if known, of the respondent and the length of residence in this state;*

(4) *State the name and age of each minor child by date of birth, whether any child is under the jurisdiction of a juvenile court, and whether the wife is pregnant;*

(5) *State whether or not a separate proceeding for dissolution of marriage has been commenced by the respondent and whether such proceeding is pending in any court in this state or elsewhere;*

(6) *Allege that there has been an irretrievable breakdown of the marriage relationship, or in a proceeding for legal separation, allege the need for legal separation and state the date on which the parties last separated;*

(7) *Set forth any application for temporary support of a spouse and any children; and*

(8) *Set forth any application for permanent maintenance or support, child custody, or disposition of property, as well as attorneys' fees and suit money, without enumerating the amounts.*

(a) *The name and address of the petitioner;*

(b) *The name and, if known, the address of the respondent;*

(c) *The place and date of the marriage of the parties;*

(d) *In the case of a petition for dissolution, that either the petitioner or the respondent or both:*

(1) *Has resided in this state for not less than 180 days immediately preceding the commencement of the proceeding, or*

(2) *Has been a member of the armed services and has been stationed in this state for not less than 180 days immediately preceding the commencement of the proceeding, or*

(3) *Has been a domiciliary of this state for not less than 180 days immediately preceding the commencement of the proceeding;*

(e) *The name, age and date of birth of each minor or dependent child of the parties;*

(f) *Whether or not a separate proceeding for dissolution, legal separation, or custody is pending in a court in this state or elsewhere;*

(g) *In the case of a petition for dissolution, that there has been an irretrievable breakdown of the marriage relationship;*

(h) *In the case of a petition for legal separation, that there is a need for a decree of legal separation; and*

(i) *Any temporary or permanent maintenance, child support, child custody, disposition of property, attorneys' fees, costs and disbursements applied for without setting forth the amounts.*

The petition shall be verified by the petitioner or petitioners, and its allegations established by competent evidence.

Sec. 9. Minnesota Statutes 1978, Section 518.12, is amended to read:

518.12 [TIME FOR ANSWERING.] The respondent shall have 30 days in which to answer the petition. In case of service by publication, the 30 days shall not begin to run until the expiration of the period allowed for publication. *In the case of a counter-petition for dissolution or legal separation to a petition for dissolution or legal separation, no answer shall be required to the counter-petition and the original petitioner shall be deemed to have denied each and every statement, allegation and claim in the counter-petition.*

Sec. 10. Minnesota Statutes 1978, Section 518.13, is amended to read:

518.13 [FAILURE TO ANSWER; FINDINGS; HEARING.] Subdivision 1. If the respondent does not appear after service duly made and proved, the court may hear and determine the proceeding at a general or special term, or in vacation as a default matter.

Subd. 2. If both of the parties by petition or otherwise have stated under oath or affirmation that the marriage is irretrievably broken, or one of the parties has so stated and the other has not denied it, the court, after hearing, shall make a finding whether the marriage is irretrievably broken.

Subd. 3 2. If one of the parties has denied under oath or affirmation that the marriage is irretrievably broken, the court shall consider all relevant factors, including the circumstances that gave rise to the commencement of the proceeding and the prospect of reconciliation, and shall

(a) make a finding whether the marriage is irretrievably broken, or

(b) unless either party objects, continue the matter for further hearing and may suggest to the parties that they seek counseling. At the adjourned hearing, or after a further continuance ordered

by the court, the court shall make a finding whether the marriage is irretrievably broken.

A finding of irretrievable breakdown *under this subdivision* is a determination that there is no reasonable prospect of reconciliation. The finding must be supported by evidence that (i) the parties have lived separate and apart for a period of ~~more~~ *not less* than 180 days immediately preceding the commencement of the proceeding, or (ii) there is serious marital discord adversely affecting the attitude of one or both of the parties toward the marriage.

Subd. 3. If both parties by petition or otherwise have stated under oath or affirmation that the marriage is irretrievably broken, or one of the parties has so stated and the other has not denied it, the court, after hearing, shall make a finding that the marriage is irretrievably broken.

Subd. 4. The court or judge, upon application, may refer the proceeding to a referee to take and report the evidence therein. Hearings for dissolution of marriage shall be heard in open court or before a referee appointed by the court to receive the testimony of the witnesses, or depositions taken as in other equitable actions. However, the court may in its discretion close the hearing.

Sec. 11. Minnesota Statutes 1978, Chapter 518, is amended by adding a section to read:

[518.131] [TEMPORARY ORDERS AND RESTRAINING ORDERS.] *Subdivision 1. In a proceeding brought for custody, dissolution, or legal separation, or for disposition of property, maintenance, or child support following the dissolution of a marriage, either party may, by motion, request from the court and the court may grant a temporary order pending the final disposition of the proceeding to or for:*

(a) Temporary custody and visitation rights of the minor children of the parties;

(b) Temporary maintenance of either spouse;

(c) Temporary child support for the children of the parties;

(d) Award the temporary use and possession, exclusive or otherwise, of the family home, furniture, household goods, automobiles and other property of the parties;

(e) Restrain one or both parties from transferring, encumbering, concealing or disposing of property except in the usual course of business or for the necessities of life, and to account to the court for all such transfers, encumbrances, dispositions and expenditures made after the order is served or communicated to the party restrained in open court;

(f) Restrain one or both parties from harassing, vilifying, mistreating, molesting, disturbing the peace, or restraining the liberty of the other party or the children of the parties;

(g) *Restrain one or both parties from removing any minor child of the parties from the jurisdiction of the court;*

(h) *Exclude a party from the family home of the parties or from the home of the other party; and*

(i) *Require one or both of the parties to perform or to not perform such additional acts as will facilitate the just and speedy disposition of the proceeding, or will protect the parties or their children from physical or emotional harm.*

Subd. 2. No temporary order shall:

(a) *Deny visitation rights to a noncustodial parent unless the court finds that visitation by the noncustodial parent is likely to cause physical or emotional harm to the child; or*

(b) *Exclude a party from the family home of the parties unless the court finds that physical or emotional harm to one of the parties or to the minor children of the parties is likely to result.*

Subd. 3. A party may request and the court may make an ex parte restraining order which may include any matter that may be included in a temporary order except:

(a) *A restraining order may not exclude either party from the family home of the parties except upon a finding by the court of immediate danger of physical harm to the other party or the children of either party; and*

(b) *A restraining order may not deny visitation to either party or grant custody of the minor children to either party except upon a finding by the court of immediate danger of physical harm to the minor children of the parties.*

Subd. 4. Restraining orders shall be personally served upon the party to be restrained and shall be accompanied with a notice of the time and place of hearing for disposition of the matters contained in the restraining order at a temporary hearing. When a restraining order has been issued, a hearing on the temporary order shall be held at the earliest practicable date. The restrained party may upon written notice to the other party advance the hearing date to a time earlier than that noticed by the other party. The restraining order shall continue in full force and effect only until the hearing time noticed, unless the court, for good cause and upon notice extends the time for hearing.

Subd. 5. A temporary order shall continue in full force and effect until the earlier of its amendment or vacation, dismissal of the main action or entry of a final decree of dissolution or legal separation.

Subd. 6. If a proceeding for dissolution or legal separation is dismissed, a temporary custody order is vacated unless one of the parties or the child's custodian moves that the proceeding continue as a custody proceeding and the court finds, after a hearing, that the circumstances of the parties and the best interests of the child require that a custody order be issued.

Subd. 7. The court shall be guided by the factors set forth in sections 518.17 (concerning child support), 518.552 (concerning maintenance) and 518.17 to 518.175 (concerning custody and visitation) in making temporary orders and restraining orders.

Subd. 8. Temporary orders and restraining orders shall be made solely on the basis of affidavits and argument of counsel except upon demand by either party in his motion or responsive motion made within the time limit for making and filing a responsive motion that the matter be heard on oral testimony before the court, or if the court in its discretion orders the taking of oral testimony.

Subd. 9. A temporary order or restraining order:

(a) Shall not prejudice the rights of the parties or the child which are to be adjudicated at subsequent hearings in the proceeding; and

(b) May be revoked or modified by the court before the final disposition of the proceeding upon the same grounds and subject to the same requirements as the initial granting of the order.

Subd. 10. In addition to being punishable by contempt, a violation of a provision of a temporary order or restraining order granting the relief authorized in subdivision 1, clauses (f), (g), or (h) is a misdemeanor.

Sec. 12. Minnesota Statutes 1978, Section 518.145, is amended to read:

518.145 [DECREE.] A decree of dissolution of marriage or of legal separation is final when entered, subject to the right of appeal. An appeal from the decree of dissolution that does not challenge the finding that the marriage is irretrievably broken does not delay the finality of that provision of the decree which dissolves the marriage beyond the time for appealing from that provision. A party may remarry before the time for appeal has run if it is not contested that the marriage is irretrievably broken or if a stipulation that the marriage is irretrievably broken is incorporated in the decree of dissolution.

Sec. 13. Minnesota Statutes 1978, Section 518.155, is amended to read:

518.155 [CUSTODY DETERMINATIONS.] Notwithstanding any law to the contrary, a court in which a proceeding for dissolution ~~or~~, legal separation, or child custody has been commenced shall not issue, revise, modify or amend any order, pursuant to sections 518.16, 518.165, 518.168, 518.17, 518.175 or 518.18, which affects the custody of a minor child or the visitation rights of a noncustodial parent unless the court has jurisdiction over the matter pursuant to the provisions of sections 518A.01 to 518A.25.

Sec. 14. Minnesota Statutes 1978, Section 518.156, is amended to read:

518.156 [COMMENCEMENT OF CUSTODY PROCEEDING.] Subdivision 1. In a court of this state which has jurisdiction to decide child custody matters, a child custody proceeding is commenced:

(a) by a parent

(1) By filing a petition for dissolution or legal separation; or

(2) Where a decree of dissolution or *legal separation* has been entered or where none is sought, by filing a petition seeking custody of the child in the county where the child is permanently resident or where he is found; or

(b) By a person other than a parent, by filing a petition seeking custody of the child in the county where the child is permanently resident or where he is found.

Subd. 2. *Written* notice of a child custody proceeding shall be given to the child's parent, guardian and custodian, who may appear and be heard and may file a responsive pleading. The court may, upon a showing of good cause, permit the intervention of other interested parties.

Sec. 15. Minnesota Statutes 1978, Section 518.165, is amended to read:

518.165 [GUARDIANS FOR MINOR CHILDREN.] In all proceedings for *child custody* or for dissolution or legal separation ~~in which~~ *where* custody or visitation of a minor child is in issue, the court may appoint a guardian ad litem from a panel established by the court to represent the interests of the child. The guardian ad litem shall advise the court with respect to custody, support and visitation. The court may enter an order for costs, fees and disbursements in favor of the child's guardian ad litem. The order may be made against either or both parties, except that, ~~if the responsible party is indigent, any part of the costs, fees, and disbursements which the court finds the parties are incapable of paying~~ shall be borne by the county.

Sec. 16. Minnesota Statutes 1978, Section 518.166, is amended to read:

518.166 [INTERVIEWS.] The court may interview the child in chambers to ascertain the child's reasonable preference as to his custodian, if the court deems the child to be of sufficient age to express preference. The court ~~may~~ *shall* permit counsel to be present at the interview *and shall permit counsel to propound reasonable questions to the child either directly or through the court.* The court shall cause a record of the interview to be made and to be made part of the record in the case unless waived by the parties.

In contested custody proceedings, and in other custody proceedings if a parent or the child's custodian requests, the court may seek the recommendations of professional personnel whether or not they are employed on a regular basis by the court. The

recommendations given shall be in writing and shall be made available by the court to counsel upon request. Counsel may call for cross-examination of professional personnel consulted by the court.

Sec. 17. Minnesota Statutes 1978, Section 518.17, Subdivision 1, is amended to read:

518.17 [CUSTODY AND SUPPORT OF CHILDREN ON JUDGMENT.] Subdivision 1. "The best interests of the child" means all relevant factors to be considered and evaluated by the court including:

(a) The wishes of the child's parent or parents as to his custody;

(b) The reasonable preference of the child, if the court deems the child to be of sufficient age to express preference;

(c) The interaction and interrelationship of the child with his parent or parents, his siblings, and any other person who may significantly affect the child's best interests;

(d) The child's adjustment to his home, school, and community;

(e) The length of time the child has lived in a stable, satisfactory environment and the desirability of maintaining continuity;

(f) The permanence, as a family unit, of the existing or proposed custodial home; and

(g) The mental and physical health of all individuals involved; ;

(h) *The capacity and disposition of the parties to give the child love, affection, and guidance, and to continue educating and raising the child in his culture and religion or creed, if any; and*

(i) *The child's cultural background.*

The court shall not consider conduct of a proposed custodian that does not affect his relationship to the child.

Sec. 18. Minnesota Statutes 1978, Section 518.175, Subdivision 1, is amended to read:

518.175 [VISITATION OF CHILDREN AND NONCUSTODIAL PARENT.] Subdivision 1. In all proceedings for dissolution or legal separation, subsequent to the commencement of the proceeding and continuing thereafter during the minority of the child, the court shall, upon the request of the noncustodial parent, grant such rights of visitation as will enable the child and the noncustodial parent to maintain a child to parent relationship that will be beneficial to in the best interests of the child unless . If the court finds, after a hearing, that visitation is likely to endanger the child's physical or emotional health or impair his emotional development, the court may restrict visitation by the noncustodial parent as to time, place, duration, or supervision and may deny visitation entirely, as the circumstances warrant. The court shall

consider the age of the child and the child's relationship with the noncustodial parent prior to the commencement of the proceeding. A parent's failure to pay support because of the parent's inability to do so shall not be sufficient cause for denial of visitation.

Sec. 19. Minnesota Statutes 1978, Section 518.175, Subdivision 3, is amended to read:

Subd. 3. The custodial parent shall not move the residence of the child to another state ~~or more than 100 miles within this state~~ except upon order of the court or with the consent of the noncustodial parent, when the noncustodial parent has been given visitation rights by the decree.

Sec. 20. Minnesota Statutes 1978, Section 518.176, is amended to read:

518.176 [JUDICIAL SUPERVISION.] ~~(a)~~ *Subdivision 1.* Except as otherwise agreed by the parties in writing at the time of the custody order, the custodian may determine the child's upbringing, including his education, health care, and religious training, unless the court after hearing, finds, upon motion by the noncustodial parent, that in the absence of a specific limitation of the custodian's authority, the child's physical or emotional health is likely to be endangered or his emotional development impaired.

~~(b)~~ *Subd. 2.* If both parents or all contestants agree to the order, or if the court finds that in the absence of the order the child's physical or emotional health is likely to be endangered or his emotional development impaired, the court may order the county welfare board *or the department of court services* to exercise continuing supervision over the case *under guidelines established by the court* to assure that the custodial or visitation terms of the decree are carried out.

Sec. 21. Minnesota Statutes 1978, Section 518.18, is amended to read:

518.18 [MODIFICATION OF ORDER.] (a) Unless agreed to in writing by the parties, no motion to modify a custody order may be made earlier than one year after the date of the ~~order~~ *entry of a decree* of dissolution or legal separation containing a provision dealing with custody, except in accordance with clause (c).

(b) If a motion for modification has been ~~filed~~ *heard*, whether or not it was granted, unless agreed to in writing by the parties no subsequent motion may be filed within two years after disposition of the prior motion on its merits, except in accordance with clause (c).

(c) The time limitations prescribed in clauses (a) and (b) shall not prohibit a motion to modify a custody order if the court finds that there is persistent and wilful denial or interference with visitation, or has reason to believe that the child's present environment may endanger his physical or emotional health or impair his emotional development.

(d) If the court has jurisdiction to determine child custody matters, the court shall not modify a prior custody order unless it finds,

upon the basis of facts that have arisen since the prior order or that were unknown to the court at the time of the prior order, that a change has occurred in the circumstances of the child or his custodian and that the modification is necessary to serve the best interests of the child. In applying these standards the court shall retain the custodian established by the prior order unless:

(i) The custodian agrees to the modification;

(ii) The child has been integrated into the family of the petitioner with the consent of the custodian; or

(iii) The child's present environment endangers his physical or emotional health or impairs his emotional development and the harm likely to be caused by a change of environment is outweighed by the advantage of a change to the child.

Sec. 22. Minnesota Statutes 1978, Section 518.27, is amended to read:

518.27 [NAME OF PARTY.] *When a decree of dissolution of marriage is granted in this state, the decree shall completely dissolve the marriage contract as to both parties. If a dissolution is granted, the court shall, if requested by a party whose name was changed by the marriage, change the name of a party who had acquired the name of his spouse back to that person's family name or the name acquired from a prior spouse, and that person shall thereafter be known by that family name and be so designated in the court's decree. In the final decree of dissolution or legal separation the court shall, if requested by a party whose name was changed by the marriage, change the name of that party to another name as the party requests. The court shall grant a request unless it finds that there is an intent to defraud or mislead. The party's new name shall be so designated in the final decree.*

Sec. 23. Minnesota Statutes 1978, Section 518.54, Subdivision 5, is amended to read:

Subd. 5. [MARITAL PROPERTY; EXCEPTIONS.] "Marital property" means property, real or personal, including nonforfeitable vested pension benefits or rights, acquired by the parties, or either of them, to a dissolution, legal separation, or annulment proceeding at any time during the existence of the marriage relation between them, or at any time during which the parties were living together as husband and wife under a purported marriage relationship which is annulled in an annulment proceeding. All property acquired by either spouse subsequent to the marriage and before a decree of legal separation is presumed to be marital property regardless of whether title is held individually or by the spouses in a form of co-ownership such as joint tenancy, tenancy in common, tenancy by the entirety, or community property. The presumption of marital property is overcome by a showing that the property is of a type listed in clauses (a) to (f) (e).

"Marital property" does not include "Non-marital property" means property real or personal, acquired by either spouse before, during, or after the existence of their marriage, which (a) is ac-

quired as a gift, bequest, devise or inheritance made by a third party to one but not to the other spouse; (b) is acquired in exchange for property acquired before the marriage or in exchange for property acquired by gift, bequest, devise, or inheritance before the marriage ; (c) is acquired in exchange for or is the increase in value of property acquired before the marriage which is described in clauses (a), (b), (d), and (e) ; (d) is acquired by a spouse after a decree of legal separation; ~~(e) is any property transferred from one spouse to the other; or (f) or e is excluded by valid agreement of the parties, including a valid antenuptial contract.~~

Sec. 24. Minnesota Statutes 1978, Section 518.55, is amended to read:

518.55 [MAINTENANCE OR SUPPORT MONEY.] Every award of maintenance or support money in a judgment of dissolution or legal separation shall clearly designate whether the same is maintenance or support money, or what part of the award is maintenance and what part is support money. An award of payments from future income or earnings of the custodial parent is presumed to be maintenance and an award of payments from the future income or earnings of the noncustodial parent is presumed to be support money, unless otherwise designated by the court. In a judgment of dissolution or legal separation the court may determine, as one of the issues of the case, whether or not either spouse is entitled to an award of maintenance notwithstanding that no award is then made, or it may reserve jurisdiction of the issue of maintenance for determination at a later date.

Sec. 25. Minnesota Statutes 1978, Section 518.551, is amended to read:

[518.551] [MAINTENANCE AND SUPPORT PAYMENTS MADE TO WELFARE AGENCIES.] A court having jurisdiction over proceedings for dissolution or legal separation shall direct that all payments ordered for maintenance and support shall be made to the agency responsible for the welfare payments, when it appears that the party who is to receive the maintenance and support payments will receive public assistance. Amounts received by the agency greater than the amount granted to the party receiving public assistance shall be remitted to that party.

The petitioner shall notify the agency responsible for the welfare payments of all proceedings for dissolution, legal separation or for the custody of a child if either party is receiving aid to families of dependent children or applies for such aid subsequent to the commencement of the proceeding. After receipt of the notice, the agency shall recommend to the court the support that is proper and adequate for the care and support of the child or children before the issuance of the order for judgment and decree in the proceeding.

If the court finds in a dissolution or legal separation proceeding before issuing the order for judgment and decree that notification has not been given to the agency responsible for the welfare payments, the court shall order that notification be made and shall

not issue its order for judgment and decree until the agency has made its recommendations. In those proceedings in which no notification has been made pursuant to this section and in which the agency determines that the judgment is not proper and adequate for the care and support of the child or children, it may petition the court for a redetermination of the support payments ordered.

Sec. 26. Minnesota Statutes 1978, Section 518.552, Subdivision 2, is amended to read:

Subd. 2. The maintenance order shall be in amounts and for periods of time as the court deems just, without regard to marital misconduct, and after considering all relevant factors including:

(a) The financial resources of the party seeking maintenance, including marital property apportioned to him, and his ability to meet his needs independently, including the extent to which a provision for support of a child living with the party includes a sum for that party as custodian;

(b) The time necessary to acquire sufficient education or training to enable the party seeking maintenance to find appropriate employment;

(c) The standard of living established during the marriage;

(d) The duration of the marriage;

(e) The age, and the physical and emotional condition of the spouse seeking maintenance; and

(f) The ability of the spouse from whom maintenance is sought to meet his needs while meeting those of the spouse seeking maintenance; and

(g) *The contribution of each party in the acquisition, preservation, depreciation, or appreciation in the amount or value of the marital property, as well as the contribution of a spouse as a homemaker.*

Sec. 27. Minnesota Statutes 1978, Section 518.58, is amended to read:

518.58 [DISPOSITION OF MARITAL PROPERTY.] Upon a dissolution of a marriage, an annulment, a legal separation, or in a proceeding for disposition of property following a dissolution of marriage by a court which lacked personal jurisdiction over the absent spouse or lacked jurisdiction to dispose of the property and which has since acquired jurisdiction, the court shall set aside to each spouse his property and make a just and equitable disposition of the marital property of the parties without regard to marital misconduct, after making findings regarding the disposition of the property. The court shall base its findings on all relevant factors including the length of the marriage, any prior marriage of a party, the age, health, station, occupation, amount and sources of income, vocational skills, employability, estate, liabilities, needs, and opportunity for future acquisition of capital assets, the amount of support, maintenance and income of each party, whether the property

award is in lieu of or in addition to maintenance or support. The court shall also consider the contribution or dissipation of each in the acquisition, preservation, depreciation or appreciation in the amount or value of the respective estates marital property, as well as the contribution of a spouse as a homemaker. It shall be presumed that each spouse made a substantial contribution to the acquisition of income and property while they were living together as husband and wife. The court may also award to either spouse the household goods and furniture of the parties, whether or not acquired during the marriage.

If the court finds that either spouse's resources or property, including his portion of the marital property as defined in section 518.54, subdivision 5 are so inadequate as to work an extreme unfair hardship, considering all relevant circumstances, the court may, in addition to the marital property, apportion up to one-half of the property otherwise excluded under section 518.54, subdivision 5, clauses (a) to (e) (d) to prevent the unfair hardship. If the court apportions property other than marital property, it shall make findings in support of the apportionment. The findings shall be based on all relevant factors including the length of the marriage, any prior marriage of a party, the age, health, station, occupation, amount and sources of income, vocational skills, employability, estate, liabilities, needs, and opportunity for future acquisition of capital assets and income of each party.

Sec. 28. Minnesota Statutes 1978, Section 518.611, is amended to read:

518.611 [ASSIGNMENTS.] If the person obligated to pay support or maintenance fails to make a required payment, and is given a reasonable opportunity by the court to allege hardship or that the payment has been made, the other party or, in the case of a failure to pay support or support and maintenance combined, the public authority responsible for support enforcement may, after 30 days, move the court to order, and the court, unless hardship is shown, shall order the employer or trustee to withhold from the obligor's periodic earnings or trust income an amount equal to the court's order for support or maintenance. The assignment is binding on the employer, trustee, or other payor of the funds two weeks after upon service upon him of notice that it has been made. The payor shall withhold from the earnings or trust income payable to the person obligated to pay support or maintenance the amount specified in the assignment and shall monthly or more frequently remit the amounts withheld to the other party or, in the case of a public assistance recipient, to the public agency responsible for support enforcement. Amounts received by the public authority responsible for support enforcement which are in excess of public assistance expended for the party or for a child shall be remitted to the party. An employer shall not discharge or otherwise discipline an employee as a result of a wage or salary assignment authorized by this section.

Sec. 29. Minnesota Statutes 1978, Section 518.612, is amended to read:

518.612 [INDEPENDENCE OF PROVISIONS OF DECREE OR TEMPORARY ORDER.] Failure by a party to make support payments is not a defense to: interference with visitation rights; or without the permission of the court or the noncustodial parent moving a child more than 100 miles within the state; or removing a child from this state without the permission of the court or of the noncustodial parent. Nor is interference with visitation rights or moving a child more than 100 miles within the state or taking a child from this state without permission of the court or the noncustodial parent a defense to nonpayment of support. If a party fails to make support payments, or interferes with visitation rights, or without permission of the court or the noncustodial parent removes a child from this state or moves a child more than 100 miles within the state, the other party may petition the court for an appropriate order.

Sec. 30. Minnesota Statutes 1978, Section 518.62, is amended to read:

518.62 [TEMPORARY MAINTENANCE.] Temporary maintenance and temporary support may be awarded as provided in section ~~518.135~~ 518.131. The court may also award to either party to the proceeding, having due regard to all the circumstances and the party awarded the custody of the children, the right to the exclusive use of the household goods and furniture of the parties pending the proceeding and the right to the use of the homestead of the parties, exclusive or otherwise, pending the proceeding. The court may order either party to remove from the homestead of the parties upon proper application to the court for an order pending the proceeding.

Sec. 31. Minnesota Statutes 1978, Section 518.64, Subdivision 2, is amended to read:

Subd. 2. ~~Except as otherwise provided in section 518.552, subdivision 2, clause (f),~~ The terms of a decree respecting maintenance or support may be modified only as to installments accruing subsequent to the order for modification and only upon a showing of substantially increased or decreased earnings of a party or substantially increased or decreased need of a party, which makes the terms unreasonable and unfair. On a motion for modification of support, the court shall take into consideration the needs of the children and the financial circumstances of the custodial parent's spouse, if any. *A modification which decreases support may be made retroactive only upon a showing that any failure to pay in accord with the terms of the original order was not willful.* Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or

either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

Sec. 32. Minnesota Statutes 1978, Section 518.66, is amended to read:

518.66 [POWER OF COURT NOT LIMITED.] Nothing contained in sections 518.54 to 518.67 shall be construed as limiting the power of the court in appropriate cases to make adequate provision for the support and education of any children of the parties to any dissolution, *legal separation* or annulment action where such dissolution, *legal separation* or annulment is denied.

Sec. 33. Minnesota Statutes 1978, Section 518A.09, Subdivision 1, is amended to read:

518A.09 [INFORMATION UNDER OATH TO BE SUBMITTED TO THE COURT.] Subdivision 1. ~~Unless it is alleged in the first pleading of a party to a custody proceeding that he believes in good faith that there is no question of jurisdiction under sections 518A.01 to 518A.26, every party in a custody proceeding in his first pleading or in an affidavit attached to that pleading shall give~~ *The court shall, upon motion or request of a party or upon its own initiative require a party to a custody proceeding to provide information under oath by affidavit or otherwise as to the child's present address, the places where the child has lived within the last five years, and the names and present addresses of the persons with whom the child has lived during that period. In this pleading or affidavit every party shall further declare under oath, and whether:*

(a) he has participated as a party, witness, or in any other capacity in any other litigation concerning the custody of the same child in this or any other state;

(b) he has information of any custody proceeding concerning the child pending in a court of this or any other state; and

(c) he knows of any person not a party to the proceedings who has physical custody of the child or claims to have custody or visitation rights with respect to the child.

~~The court may require any party in a custody proceeding to furnish under oath the information specified in this subdivision.~~

Sec. 34. [INSTRUCTIONS TO REVISOR.] *In the next and succeeding editions of Minnesota Statutes, the Revisor of Statutes is instructed to separately indent clauses (a) through (e) of section 518.54, subdivision 5, to enhance their readability.*

Sec. 35. [REPEALER.] *Minnesota Statutes 1978, sections 518.135 and 518.16 are repealed.*

Sec. 36. [EFFECTIVE DATE.] *This act is effective the day after final enactment, but shall not invalidate any pending action concluded under preexisting law."*

Amend the title as follows:

Delete the title in its entirety and insert:

“A bill for an act relating to marriage; providing for procedures and remedies in actions for dissolution and legal separation; defining terms; requiring personal service in a dissolution; providing for the court’s findings in an uncontested dissolution; providing mutual restraining orders pending a dissolution; providing additional relevant factors for making custody determinations and for awarding maintenance; permitting retroactive modification of support and maintenance orders for inability to pay; providing penalties; amending Minnesota Statutes 1978, Sections 517.03; 518.005, Subdivision 3; 518.06, Subdivisions 1 and 3; 518.07; 518.09; 518.-10; 518.12; 518.13; 518.145; 518.155; 588.156; 518.165; 518.166; 518.17, Subdivision 1; 518.175, Subdivisions 1 and 3; 518.176; 518.-18; 518.27; 518.54, Subdivision 5; 518.55; 518.551; 518.552, Subdivision 2; 518.58; 518.611; 518.612; 518.62; 518.64, Subdivision 2; 518.66; 518A.09, Subdivision 1; and Chapter 518, by adding sections; repealing Minnesota Statutes 1978, Sections 518.135 and 518.16.”

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 977: A bill for an act relating to taxation; providing for the use of tax increment financing of redevelopment, housing and economic development projects; establishing standards and procedures for its use; amending Minnesota Statutes 1978, Sections 458.192, Subdivision 11; 462.545, Subdivision 5; 462.585, Subdivisions 1 and 4; 472A.06; 472A.07, by adding a subdivision; 473F.02, Subdivision 3; 474.10, Subdivision 2; and Chapters 273, by adding sections; and 472A, by adding a section; repealing Minnesota Statutes 1978, Sections 458.192, Subdivision 12; and 472A.08, Subdivisions 4 and 5.

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

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.71] [CITATION.] *Sections 1 to 14 may be cited as the Minnesota tax increment financing act.*

Sec. 2. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.72] [DEFINITIONS.] *Subdivision 1. For the purposes of sections 1 to 14, the terms defined in this section shall have the meanings given them.*

Subd. 2. [AUTHORITY.] “Authority” means a housing and redevelopment authority created pursuant to chapter 462; a port authority created pursuant to chapter 458; a redevelopment agency

as defined by chapter 474; a rural development finance authority established pursuant to chapter 362A; or a municipality which has formed or is administering a development district created pursuant to chapter 472A or any special law, which undertakes a project pursuant to chapter 474 or which exercises the powers of a port authority pursuant to any general or special law.

Subd. 3. [BONDS.] "Bonds" means any bonds, including but not limited to refunding bonds, notes, interim certificates, debentures, or other obligations issued by an authority under sections 10 to 12 after the effective date of the tax increment financing act, provided that nothing in sections 1 to 14 shall be construed to authorize the issuance of general obligation bonds for the purposes of a municipal industrial development project under chapter 474.

Subd. 4. [MUNICIPALITY.] "Municipality" means any statutory or home rule charter city and, with respect to a project undertaken pursuant to chapter 474, "municipality" has the meaning given in chapter 474. In the case of a rural development finance authority established pursuant to chapter 362A or a county or multi-county project undertaken pursuant to sections 462.426 to 462.4291, "municipality" means a county.

Subd. 5. [GOVERNING BODY.] "Governing body" means the duly elected council or board of a municipality, notwithstanding any contrary definition in chapter 475.

Subd. 6. [ORIGINAL ASSESSED VALUE.] "Original assessed value" means the assessed value of all taxable real property within a tax increment district as most recently certified by the commissioner of revenue prior to the date of request by the authority for certification by the county auditor pursuant to section 6, subdivision 1, provided, however, that the assessed value of real property exempt from taxation at the time of the request by reason of public ownership by the requesting authority, which ownership has been for a period of less than two years prior to the date of the request, shall be the assessed value as most recently determined by the assessor. The value of any other property which is exempt from taxation at the time of the request shall be zero and if it subsequently becomes taxable then its original assessed value shall be as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the addition of the property to the project, the value which shall be assessed by the assessor at the time of the addition.

Subd. 7. [CAPTURED ASSESSED VALUE.] "Captured assessed value" means any amount by which the current assessed value of a tax increment district exceeds the original assessed value.

Subd. 8. [TAX INCREMENT PROJECT.] "Tax increment project" is a redevelopment project as defined in subdivision 10; an economic development project as defined in subdivision 12, or a housing project as defined in subdivision 11, which is located within a tax increment district. Each such project shall also be one of the following: a project as defined in section 362A.01; an industrial development district as defined in section 458.191, sub-

division 1; a redevelopment project as defined in section 462.421, subdivision 14; a development district as defined in section 472A.02, subdivision 3, or any special law; or a project as defined in section 474.02, subdivisions 1, 1a, or 1b.

Subd. 9. [PUBLIC IMPROVEMENT DISTRICT.] "Public improvement district" means an area in a city of the first or second class in which there exist substandard conditions of land or structures, unsafe and unsanitary housing and buildings and structures used or intended to be used for living, commercial, industrial or other purposes or any combination of those uses which, by reason of sociological and technological changes, dilapidation, obsolescence, overcrowding and faulty arrangement or design of building and improvements, lack of public facilities, ventilation, light and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these and other factors which inflict blight upon the economic value of large areas, impair the value of private investments, threaten the source of public revenues while decentralizing communities to areas improperly planned and not related to public facilities, and require many persons of low income to occupy unsafe, unsanitary, and overcrowded dwellings.

Subd. 10. [REDEVELOPMENT PROJECT.] "Redevelopment project" means a project which is located in an area within which one of the following conditions, reasonably distributed throughout the project area, is found to exist:

(a) The land is predominantly occupied by buildings, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. "Structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Predominantly occupied" shall mean at least 50 percent of the parcels comprising at least 50 percent of the acreage;

(b) The land is predominantly occupied by buildings, utilities or other improvements and 20 percent of the buildings are structurally substandard as defined in clause (a) and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well being of the community; or

(c) The land is not predominantly occupied by buildings, streets, utilities or other improvements, but at least 80 percent of the total acreage of the vacant parcels has a fair market value upon inclusion in the project which, when added to the estimated cost of pre-

paring the parcel for use including utilities, if any, exceeds its anticipated fair market value after completion of the site preparation.

In the case of a city of the first or second class, a redevelopment project shall not only meet the requirements set forth in this subdivision but also be located within a public improvement district.

Subd. 11. [HOUSING PROJECT.] "Housing project" means a project, or that part of a project, intended for occupancy primarily by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, or the regulations promulgated under any of those acts. Residential construction which does not provide housing intended for occupancy primarily by persons or families of low and moderate income may be included in redevelopment or economic development projects.

Subd. 12. [ECONOMIC DEVELOPMENT PROJECT.] "Economic development project" means any project not meeting the requirements found in the definition of "redevelopment project" or "housing project", but which the authority finds to be in the public interest because

(a) It will discourage commerce, industry or manufacturing from moving their operations to another state; or

(b) It will result in increased employment in the municipality; or

(c) It will result in preservation and enhancement of the tax base of the municipality.

Subd. 13. [ADMINISTRATIVE EXPENSES.] "Administrative expenses" means all expenditures of an authority other than amounts paid for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the project, relocation benefits paid to persons residing or businesses located in the project area, or amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to sections 1 to 14.

Subd. 14. [TAX INCREMENT DISTRICT.] "Tax increment district" means a geographic area from which tax increments are derived to finance one or more tax increment projects. A tax increment district may include noncontiguous parcels.

Subd. 15. [PARCEL.] "Parcel" means a tract or plat of land established as a single unit for purposes of assessment.

Sec. 3. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.73] [ESTABLISHMENT OF PUBLIC IMPROVEMENT DISTRICT.] *Subdivision 1. [FINDINGS.] The governing body of a city of the first or second class may by resolution designate an*

area within its boundaries to be a public improvement district if it finds that blighting conditions, as described in section 2, subdivision 9, exist throughout the area. Detailed, specific written findings of those conditions shall be made and adopted.

Subd. 2. [PLAN FOR PUBLIC IMPROVEMENT DISTRICT PROGRAMS; CONTENTS.] *When designating an area to be a public improvement district, the governing body shall propose a plan for the area. The public improvement district plan shall contain a detailed statement of the objectives of the city for improvement of the public improvement district. The plan shall include a description of proposed public facilities and open space to be created and the proposed use of the property within the district. It shall contain estimates of the following: cost of any private and public projects; sources of revenue to finance these costs including estimates of tax increments for any tax increment projects; amount of bonded indebtedness to be incurred; and the duration of any tax increment projects.*

Subd. 3. [OPPORTUNITY FOR PRIVATE ENTERPRISE.] *The plan for the public improvement district shall afford maximum opportunity for participation by private enterprise.*

Subd. 4. [PUBLIC HEARING.] *Before approving a public improvement district plan, the governing body shall hold a public hearing on the plan. Notice of the hearing shall be published in a newspaper of general circulation in the city at least once not less than ten days nor more than 30 days prior to the date of hearing. The authority shall make the plan available to the public at least 15 days prior to the date of the public hearing.*

Subd. 5. [PLANNING AGENCY APPROVAL.] *The governing body of the city shall furnish the planning agency or commission of the city with a copy of the public improvement district plan. No plan may be adopted by the governing body until the planning agency or commission has reviewed the tax increment financing plan and commented as to its conformance with the general plan for the development of the city or 60 days have passed from the date of submission of the plan to the agency.*

Sec. 4. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.75] **[APPROVAL OF USE OF TAX INCREMENT FINANCING.]** *Subdivision 1. [APPROVAL BY GOVERNING BODY.] No county auditor shall certify the value of a tax increment district until the tax increment financing plan proposed for that district has been approved by the governing body of the municipality in which the project is proposed to be located. If an authority which proposes to establish a tax increment project and the governing body of the municipality are not the same, the authority shall apply to the governing body of the municipality in which the project would be located and shall obtain the approval of its tax increment financing plan by the governing body before the authority may use tax increment financing.*

Subd. 2. [TAX INCREMENT FINANCING PLAN.] *In the application, the authority shall furnish the governing body with its plan for the use of tax increment financing. The tax increment financing plan submitted to the governing body for its approval shall include findings made by the authority that the use of tax increment financing in the proposed tax increment district is necessary because of the lack of private investment activity in the area. If the project is proposed to be located in a public improvement district, the plan shall include a finding that the tax increment financing plan conforms to the public improvement district plan of the municipality. The specific factual bases for these findings shall be set forth. The plan shall also contain the following information: a statement by the authority of the objectives of the project; the development program for the project, including a descriptive listing of any agreements which have been concluded between the municipality or the authority and any contractors or developers with respect to the project; estimates of the following: cost of the project, including administrative expenses; amount of bonded indebtedness to be incurred; sources of revenue to finance project costs; the original assessed value of property in the project; and the projected captured assessed value of the project at the time of its completion. If the authority proposes to use only a portion of the captured assessed value of a district for tax increment financing purposes, the plan shall state what portion is proposed to be used. If the municipality elects the method of tax increment computation set forth in section 6, subdivision 3, clause (b), it shall state that election.*

Subd. 3. [PUBLIC HEARING.] *Before approving a tax increment financing plan the governing body shall hold a public hearing on the plan. Notice of the hearing shall be published in a newspaper of general circulation in the municipality at least twice no less than ten days nor more than 30 days prior to the date of the hearing. The authority shall make the plan available to the public at least 30 days prior to the date of the public hearing.*

Subd. 4. [NOTICE TO LOCAL BOARDS; STATE PLANNING AGENCY.] *At least thirty days prior to the date of the public hearing held pursuant to subdivision 3, the school board and board of county commissioners of the school district and county within which the tax increment project is proposed to be located, the state planning agency, and, if the proposed project is located in the metropolitan area defined in section 473.121, subdivision 2, the metropolitan council, shall be furnished with copies of the tax increment financing plan. A representative of each board and agency receiving the plan shall comment on the plan at the public hearing. Absence of comment shall not prevent approval of a plan nor invalidate bonds issued to finance its execution.*

Subd. 5. [APPROVAL BY GOVERNING BODY.] *No bonds shall be issued to finance a tax increment project unless the authority has concluded an agreement or agreements with one or more developers which provide for the execution of the project*

plan covering, in the case of a housing or economic development project, 80 percent or, in the case of a redevelopment project, 75 percent of the area of the proposed project and which provide recourse for the authority against the developer should the execution of the project plan fail because of the default of the developer. A copy of the agreement shall be submitted to and approved by the governing body. No plan shall be approved unless the governing body finds that the proposed project will not contribute to urban sprawl. Any proposal to use tax increment financing in relation to any previously unincorporated real property annexed by the municipality pursuant to chapter 414 within three years prior to the date of the application shall be deemed to contribute to urban sprawl. If the authority and the governing body of the municipality are not the same, the governing body shall within 90 days after submission of the application or resubmission as provided herein, give written notice to the authority of its decision with respect to the tax increment financing plan. If approval is not given within 90 days, the application shall be deemed to have been rejected. A plan which has not been approved by the governing body when submitted to it may be again submitted to it with such modifications as are necessary to meet its objections.

Subd. 6. [MODIFICATION OF PLAN.] Any tax increment financing plan may be modified by an authority. Any enlargement or reduction of geographic area, increase in amount of bonded indebtedness to be incurred, increase in the portion of the captured assessed value to be retained by the authority, increase in total estimated tax increment expenditures, or change in use of revenues derived from any district in the municipality, if not included in the original tax increment financing plan, shall be approved by the governing body of the municipality upon notice and after public hearing as are required pursuant to the provisions of subdivision 3.

The original assessed value of any taxable real property added to a tax increment project pursuant to this subdivision shall be the assessed value of that real property as most recently certified by the commissioner of revenue prior to the modification of the financing plan which added the property.

If property which is added to a project pursuant to this subdivision is exempt from taxation at the time of its addition to the project, and subsequently becomes taxable it shall be added to the base at its value as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the addition of the property to the project, the value which shall be assessed by the assessor at the time of the addition.

Subd. 7. [ELIMINATION OF TAX-EXEMPT PROPERTY.] If, at any time after certification of the original assessed value of a tax increment district pursuant to section 6, a parcel located within the district becomes exempt from property taxation, an authority may eliminate that property from the district. Upon application of the authority, the county auditor shall reduce the original

assessed value of the district by the amount of the value of that parcel at the time of certification of the district.

Subd. 8. [PRIOR PLANNED IMPROVEMENTS.] *The authority shall, after due and diligent search, accompany its request for certification to the county auditor pursuant to subdivision 1, or its notice of district enlargement pursuant to subdivision 6, with a listing of all properties within the tax increment financing district or area of enlargement for which building permits have been issued during the 18 months immediately preceding approval of the tax increment financing plan by the municipality. For 12 months after completion of the improvements for which a building permit was issued during that 18 month period, the county auditor shall increase the original assessed value of the district by the assessed valuation of the improvements for which the building permit was issued, as certified by the assessor.*

Sec. 5. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.76] [LIMITATION ON INCREMENTS.] *If, after five years from the date of certification of the value of the tax increment district pursuant to section 6, no demolition, rehabilitation or renovation of property or other site preparation, including improvement of a street adjacent to a parcel in the district but not installation of utility service property has been commenced on a parcel located within a project by the authority or by the owner of the property in accordance with the tax increment financing plan, no additional tax increments may be taken from that parcel, and the original assessed value of that parcel shall be excluded from the certified value of the tax increment district. If the authority or the owner of the property subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced, and the parcel may be added into the tax increment district. The county auditor shall certify the most recently assessed value of that parcel and add it to the original assessed value of the tax increment district.*

Sec. 6. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.77] [COMPUTATION OF TAX INCREMENT.] *Subdivision 1. [ORIGINAL ASSESSED VALUE.] After a tax increment financing plan has been approved by the governing body, the auditor of the county in which the district is situated shall, upon request of the authority, certify the original assessed value of the tax increment district as described in the tax increment financing plan. The county auditor shall certify in each year thereafter the amount by which the original assessed value has increased or decreased as a result of a change in tax exempt status of property within the district, or reduction or enlargement of the district. The amount to be added to the original assessed value of the district as a result of previously tax exempt real property within the district becoming taxable, or enlargement of the geographic area of the dis-*

trict, shall be equal to the assessed value of that real property as most recently certified by the commissioner of revenue as of the date of title transfer or modification of the tax increment financing plan. The amount to be subtracted from the original assessed value of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original assessed value initially attributed to the property becoming tax exempt or being removed from the district. If the assessed value of property located within a tax increment district is reduced by a court-ordered abatement, the original assessed value of the district shall be reduced by that amount. The county auditor shall have the power to specify the form and content of the request for certification of the authority and any modification thereof pursuant to section 4, subdivision 6.

Subd. 2. [CAPTURED ASSESSED VALUE.] The county auditor shall certify the amount of the captured assessed value to the authority each year. If the plan provides that all the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 8, subdivision 3, the authority may retain the full captured assessed value. If the plan provides that only a portion of the captured assessed value is necessary to finance or otherwise make those expenditures, only that portion should be set aside and the remainder shall be distributed among the affected taxing districts by the county auditor.

Subd. 3. [RELATIONSHIP TO FISCAL DISPARITIES; RE-DEVELOPMENT PROJECTS.]

(a) Unless the governing body elects pursuant to clause (b) of this subdivision the following method of computation shall apply in the case of redevelopment projects subject to the provisions of sections 1 to 14:

(1) The original assessed value shall include any portion thereof which is subject to the area-wide tax imposed by section 473F.08, subdivision 6, in the levy and assessment of taxes in the year the district is certified and the current assessed value shall not be reduced to any extent to reflect the contribution of the municipality to the area-wide tax base pursuant to section 473F.08, subdivision 2, clause (a);

(2) In each subsequent year, the county auditor shall compute assessed valuation, mill rates and the tax increment as follows:

(i) If the authority retains the full captured assessed value, the county auditor shall include no more than the original assessed value of the real property in the tax increment financing district for purposes of determining assessed value for local mill rates. The county auditor shall compute the mill rates of all taxes levied by the state, the county, the municipality or town, the school district and every other taxing district in which the district is located in whole or in part on that assessed value. The county auditor shall extend all mill rates against the current assessed value, including the captured assessed value, except for that portion of the current

assessed value which is subject to the area-wide tax rate determined pursuant to section 473F.08, subdivision 5. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that portion of all taxes paid that year on real property in the district, including taxes paid as a result of the application of the area-wide tax determined pursuant to section 473F.08, subdivision 5, which exceeds the taxes attributable to the application of local mill rates to the original assessed value. The amount so remitted each year is referred to in this section as the tax increment for that year;

(ii) If the authority retains only a portion of the captured assessed value for its use and returns the remaining portion to the tax rolls of all affected taxing districts, the county auditor shall include the original assessed value which is shared with all the affected taxing districts in determining the assessed value for computing mill rates. He shall compute the mill rates of all taxes levied by the state, county, municipality, school district, and every other taxing district in which the district is located in whole or in part on that assessed value. He shall extend all mill rates against the total current assessed value including that portion of the captured assessed value which the authority is retaining for its exclusive use, except for that portion of the current assessed value which is subject to the area-wide tax rate determined pursuant to section 473F.08, subdivision 5. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that portion of all taxes paid on real property in the district, including taxes paid as a result of the area-wide tax rate determined pursuant to section 473F.08, subdivision 5, that exceeds the taxes attributable to the application of local mill rates to the original assessed value and to that portion of the captured assessed value which is shared with all the affected taxing districts. The amount so remitted each year is referred to as the tax increment;

(3) In any year in which the current assessed value of the tax increment financing district is less than the original assessed value, the county auditor shall compute and extend taxes against the current assessed value, which is subject to the area-wide tax rate determined pursuant to section 473F.08, subdivision 5. Taxes, including taxes paid as a result of the application of the area-wide tax rate determined pursuant to section 473F.08, subdivision 5, shall be distributed from the affected property to each of the taxing jurisdictions as determined by the current levy and there will be no tax increment. In any year subsequent to a year in which there exists a tax increment deficit, the tax increment shall be computed without regard to said deficit;

(b) The governing body may, by resolution approving the tax increment financing plan pursuant to section 4, elect the following method of computation:

(1) The original assessed value shall not include any portion thereof which is subject to the area-wide tax imposed by section 473F.08, subdivision 6, in the levy and assessment of taxes in the

year the district is certified and the current assessed value shall not include the portion thereof which is subject to the area-wide tax imposed by section 473F.08, subdivision 6, but shall not otherwise be reduced by the amount of the contribution of the municipality to the area-wide tax base pursuant to section 473F.08, subdivision 2, clause (a);

(2) In each subsequent year, the county auditor shall compute assessed valuation, mill rates and tax increment as follows:

(i) If the authority retains the full captured assessed value, the county auditor shall include no more than the original assessed value of the real property in the tax increment financing district for purposes of determining assessed value for local mill rates. The county auditor shall compute the mill rates of all taxes levied by the state, the county, the municipality or town, the school district and every other taxing district in which the district is located in whole or in part on the aforementioned assessed value. The county auditor shall extend all mill rates against the current assessed value, including the captured assessed value. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that proportion of all taxes paid that year on real property in the district which the captured assessed value bears to the current assessed value. The amount so remitted each year is referred to in this section as the tax increment for that year;

(ii) If the authority retains only a portion of the captured assessed value for its use and returns the remaining portion to the tax rolls of all affected taxing districts, the county auditor shall include the original assessed value and that portion of the captured assessed value which is shared with all the affected taxing districts in determining the assessed value for computing mill rates. He shall compute the mill rates of all taxes levied by the state, county, municipality, school district, and every other taxing district in which the district is located in whole or in part on this aforementioned assessed value. He shall extend all mill rates against the total current assessed value including that portion of the captured assessed value which the authority is retaining for its use only. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that proportion of all taxes paid on real property in the district that the retained captured assessed value bears to the total current assessed value in the district. The amount so remitted each year is referred to as the tax increment;

(3) In any year in which the current assessed value of the tax increment financing district is less than the original assessed value, the county auditor shall compute and extend taxes against the current assessed value. Taxes shall be distributed from the affected property to each of the taxing jurisdictions as determined by the current levy and there is no tax increment. In any year subsequent to a year in which there exists a tax increment deficit, tax increments shall be computed without regard to said deficit;

(4) An election by the governing body pursuant to part (b) of this subdivision shall be submitted to the county auditor by the authority at the time of the request for certification pursuant to section 4;

(c) The method of computation of tax increment applied to a district pursuant to clauses (a) or (b) of this subdivision, once established, shall remain the same for the duration of the district.

Subd. 4. [RELATIONSHIP TO FISCAL DISPARITIES; ECONOMIC DEVELOPMENT PROJECT.] In the case of an economic development project subject to the provisions of this act, the following method of computation shall apply:

The original assessed value of the district shall not include assessed valuation which is contributed to an area-wide tax base under section 473F.08. Any amount by which the current assessed value of a development district exceeds the original assessed value, other than the contribution required under section 473F.08 of 40 percent of the annual increase in the assessed valuation of the commercial-industrial property located within the district, will be the captured assessed value for the district, subject to the provisions of subdivision 2. The provisions of subdivision 3, clauses (b) (2) and (b) (3) shall apply to the computation of the tax increments for economic development districts.

In the event the tax increments received in any year are insufficient to make the payments of interest and principal due that year on bonds issued in connection with an economic development district subject to the provisions of sections 1 to 14, no general levy shall be made against the property in the municipality for the purpose of making up that deficiency.

Sec. 7. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.78] [LIMITATION ON TAX INCREMENT DISTRICTS.] **Subdivision 1. [PERCENTAGE OF VALUE.]** No tax increment district may be certified in a municipality by the county auditor if the sum of the original assessed value of tax increment projects located in the municipality, certification of which has been requested prior to the effective date of sections 1 to 14, plus the estimated original assessed value of a proposed project exceed 2.5 percent of the estimated market value of the municipality. If, on the day following final enactment of sections 1 to 14, the aggregate original assessed value of previously certified projects within a municipality exceeds 2.5 percent of the estimated market value of the municipality, that municipality may, by the certification of one additional project or the addition of property to one existing project pursuant to sections 1 to 14, exceed the current ratio of its aggregate original assessed value of tax increment projects to the municipality's estimated market value by an additional .5 percent.

Subd. 2. [DURATION OF TAX INCREMENT DISTRICTS.] Any pledge of revenues, including tax increments, to the payment of bonds and interest thereon may be discharged and the

tax increment district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to such maturity or redemption date, provided that for bonds issued pursuant to sections 10 or 11 the full faith and credit and any taxing powers of the municipality or authority, as the case may be, 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.

Sec. 8. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.79] [TAX INCREMENT PROCEEDS.] *Subdivision 1. [ACCOUNTS.] The proceeds of tax increments received with respect to any project shall be segregated by the authority receiving them in a special account or accounts on its official books and records or otherwise established by resolution of the authority to be held by a trustee for the benefit of holders of the bonds.*

Subd. 2. [EXCESS INCREMENTS.] In any year in which the tax increments exceed the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to prepay any outstanding bonds, discharge the pledge of tax increments therefor or make payment into an escrow account dedicated to the payment of the bonds.

Subd. 3. [LIMITATION ON USE OF TAX INCREMENTS.] Except in the case of a tax increment project or district for which certification was requested prior to the effective date of sections 1 to 14 pursuant to a law which did not at that date require adoption of a tax increment financing plan, revenues derived from tax increments subsequent to the effective date of sections 1 to 14 shall be used only to pay off bonds or to make any other expenditure authorized by the general or special law under which the authority was created or operates, and only as authorized in the tax increment financing plan.

Subd. 4. [LIMITATION ON ADMINISTRATIVE EXPENSES.] No tax increment shall be used to pay any administrative expenses for a district which exceed five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for that district, whichever is less.

Subd. 5. [LIMITATION ON DURATION OF INCREMENTS.] Tax increments may be taken from parcels comprising a redevelopment project for a period lasting no more than 25 years after receipt of first increments, from parcels comprising a housing project for a period lasting no more than 25 years after receipt of first increments, and from parcels comprising an economic development project for a period lasting no more than

ten years after receipt of first increments or twelve years after the approval of the plan pursuant to section 4, whichever is sooner.

Sec. 9. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.80] [RESTRICTION ON FUTURE BOND ISSUES.] *Notwithstanding the provisions of any other law to the contrary, after the effective date of the tax increment financing act, no bonds for payment of which tax increments are pledged shall be issued in connection with any tax increment project or district other than as authorized by sections 10 to 12. Bonds issued pursuant to sections 10 to 12 shall not be included for purposes of computing the net debt of any municipality. The proceeds of any bonds authorized hereby shall be used only in accordance with section 8, subdivision 3, as if the proceeds were tax increments.*

Sec. 10. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.81] [MUNICIPAL GENERAL OBLIGATION BONDS.] *Subdivision 1. [ISSUANCE.] A municipality may authorize general obligation bonds to finance any expenditure which the municipality or any other authority the jurisdiction of which is wholly or partially within that municipality is permitted to make pursuant to section 8, subdivision 3. The bonds shall be issued, sold and secured in the same manner and subject only to the same conditions as those provided in chapter 475, for bonds financing improvement costs reimbursable from special assessments.*

Subd. 2. [PLEDGE.] Any pledge of tax increments, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this section, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increments, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this section. The resolution containing the covenant shall be filed with the county auditor. When tax increments, assessments and other revenues are pledged, the estimated collections of the tax increments, assessments and other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3. The pledge of any revenues, including tax increments, to the payment of bonds and interest may be discharged if sufficient funds have been irrevocably deposited in escrow to provide for payment when due of the bonds and interest. The full faith and credit and taxing powers of the municipality shall continue to be pledged to the payment of any general obligation bonds until the principal of and interest on the bonds have been paid in full.

Sec. 11. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.82] [AUTHORITY GENERAL OBLIGATION BONDS.] *Subdivision 1. When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 8, subdivision 3. The full faith and credit and taxing power of the authority shall be and are hereby pledged to the payment of the bonds and interest thereon. Any revenues, including tax increments and assessments, derived from a tax increment district, may be pledged to the payment of the bonds and interest thereon. The bonds of the authority shall be authorized by its resolution, shall mature as determined by resolution of the authority in accordance with sections 1 to 14. The bonds may be issued in one or more series and shall bear the date or dates, bear interest at the rate or rates, be in the denomination or denominations, be in the form, either coupon or registered, carry the conversion or registration privileges, have the rank or priority, be executed in the manner, be payable in medium of payment at the place or places, and be subject to the terms of redemption, with or without premium, as the resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine. Notwithstanding any provision of law to the contrary, the bonds shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any such bonds of the authority or the security therefor, any such bond reciting in substance that it has been issued by the authority to aid in financing a project shall be deemed to have been issued for that purpose, and the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of sections 1 to 14.*

Subd. 2. [LIABILITY ON BONDS.] Neither the governing body of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority, as the bonds shall state on their face, shall not be a debt of any municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall the bonds be payable out of any funds or properties other than those of the authority and any tax increments and revenues of a tax increment district pledged therefor.

Sec. 12. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.83] [REVENUE BONDS.] *Subdivision 1. [ISSUANCE.] An authority may, by resolution, authorize, issue and sell revenue bonds payable solely from all or a portion of revenues, including but not limited to tax increment revenues and assessments, derived from a tax increment district located wholly or partially within the municipality to finance any expenditure which that authority is authorized to make by section 8, subdivision 3, and may pledge*

the revenues to the payment of the bonds and the interest thereon. The bonds shall mature as determined by resolution of the authority in accordance with the provisions of sections 1 to 14 and may be issued in one or more series and shall bear the date or dates, bear interest at the rate or rates, be in the denomination or denominations, be in the form, either coupon or registered, carry the conversion or registration privileges, have the rank or priority, be executed in the manner, be payable in medium of payment at the place or places, and be subject to the terms of redemption, with or without premium, as the resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine. Notwithstanding any provision of law to the contrary, the bonds shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any such bonds of the authority or the security therefor, any such bond reciting in substance that it has been issued by the authority to aid in financing a project shall be deemed to have been issued for that purpose, and the project shall be deemed to have been planned, located, and carried out in accordance with the purposes and provisions of sections 1 to 14.

Subd. 2. [LIABILITY ON BONDS.] Neither the governing body of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds may be further secured by a pledge and mortgage of all or any portion of the project in aid of which the bonds are issued and the covenants the authority deems by the resolution to be necessary and proper to secure payment of the bonds. The bonds, as they shall state on their face, shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the authority issuing the same be subject to any liability thereon or have the powers to obligate itself to pay or to pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as is permitted or required under sections 1 to 14 and pledged therefor hereunder, to pay the principal of or interest on the bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof.

Sec. 13. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.84] [ANNUAL DISCLOSURE.] *For all tax increment districts, whether created prior or subsequent to the effective date of the tax increment financing act, on or before July 1 each year, the authority shall submit to the county board, the school board, the state planning agency and, if the authority is other than the governing body, the governing body of the municipality a report on the status of the district. The report shall include the following information: the amount and the source of revenue in the account, the amount and purpose of expenditures from the*

account, the amount of principal and interest on any outstanding bonded indebtedness, the original assessed value of the district, the captured assessed value retained by the authority, the captured assessed value shared with other taxing districts, the tax increments received and any additional information necessary to demonstrate compliance with any applicable tax increment financing plan. An annual statement showing the tax increments received and expended in that year, the original assessed value, captured assessed value, amount of outstanding bonded indebtedness, and any additional information the authority deems necessary shall be published in a newspaper of general circulation in the municipality.

Sec. 14. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.85] [EXISTING PROJECTS.] *The provisions of sections 1 to 14 shall not affect any redevelopment project as defined in section 462.421, subdivision 13, industrial development district as defined in section 458.191, project as defined in section 474.02, subdivision 1 or section 362A.01, subdivision 2, or development district as defined in section 472A.02, subdivision 3 or any special law, for which certification was requested pursuant to those laws prior to the effective date of sections 1 to 14, or any project carried on by an authority pursuant to Minnesota Statutes, Section 462.545, Subdivision 5 with respect to which the governing body has by resolution designated properties for inclusion in the project prior to the effective date of sections 1 to 14, except:*

(a) *As otherwise provided in sections 1 to 14;*

(b) *As an authority may elect to proceed with an existing redevelopment project, industrial development district, project or development district under the provisions of sections 1 to 14; or*

(c) *That any geographic area added to an existing redevelopment project, industrial development district, project or development district as a result of boundary expansion subsequent to the effective date of sections 1 to 14 shall be added in accordance with and be subject to the terms and conditions of sections 1 to 14.*

Sec. 15. Minnesota Statutes 1978, Section 458.192, Subdivision 11, is amended to read:

Subd. 11. *Upon or after the creation of an industrial development district under section 458.191 which is not subject to the provisions of sections 1 to 14, the auditor of the county in which it is situated shall upon request of the port authority certify the then most recently determined assessed valuation of all or so much of the taxable real property within the district as is identified by legal description in the request, other than that portion of the valuation which is contributed to an area-wide tax base under chapter 473F. The auditor shall certify to the authority in each year thereafter the amounts and percentages of subsequent increases or decreases in such valuation other than that portion of such increases or decreases which is contributed to an area-wide*

tax base under chapter 473F. The auditor shall compute the mill rates of taxes against such original valuation but shall extend such rates also against any incremental value and remit the resulting tax increment to the port authority in the same manner as that provided for the computation and remittance of tax increments under section 462.585, subdivisions 2 and 3. The port authority shall segregate tax increments received with respect to any such property district in a special account on its official books and records. Such tax increments shall be remitted to the port authority until the cost of redevelopment of the marginal land within the district, including interest thereon, has been fully reimbursed from the tax increments. When such full reimbursement has been made, it shall be reported by the port authority to the county auditor, who shall thereafter include the entire assessed valuation of the property in the assessed valuations upon which tax mill rates are computed and extended and taxes are remitted to all taxing districts. Any part or all of such tax, if so directed by the city council, shall be pledged and appropriated for the payment of any general obligation bonds of the port authority. Increases in the value of such property, subsequent to certification of the base for computing the tax increment therefrom, shall not be included in the assessed valuation of any taxing district for the purpose of computing any debt or levy limitation or the amount of any state or federal aid to the taxing district, so long as the tax increment therefrom is segregated under the provisions of this section. *The provisions of this subdivision shall not apply with respect to any project, certification of which is requested subsequent to the effective date of the tax increment financing act.*

Sec. 16. Minnesota Statutes 1978, Section 462.545, Subdivision 5, is amended to read:

Subd. 5. [SPECIAL BENEFIT TAX FUND.] In the event the authority shall issue bonds or other obligations to finance a redevelopment project, the authority may, in its discretion, with the consent of the governing body obtained at the time of the approval of the redevelopment plan as required in section 462.521, notify the county treasurer to set aside in a special fund, for the retirement of such bonds and interest thereon, all or part of the real estate tax revenues derived from the real property in the redevelopment area which is in excess of the tax revenue derived therefrom in the tax year immediately preceding the acquisition of such property by the authority, and it shall be the duty of the county treasurer so to do. Such setting aside of funds shall continue until the bonds or other obligations have been retired. *The provisions of this subdivision shall not apply with respect to any property which the governing body has not by resolution designated for inclusion in a project prior to the effective date of the tax increment financing act.*

Sec. 17. Minnesota Statutes 1978, Section 462.585, Subdivision 1, is amended to read:

462.585 [AGREEMENTS RESPECTING TAX INCREMENTS AND EQUIVALENTS; PLEDGE FOR BONDS.] Sub-

division 1. [GENERAL.] In connection with any project of an authority located wholly or partly within the corporate limits of any municipality or other state public body, such body may agree with the authority with respect to the payment by the authority of such sums in lieu of taxes for any year or period of years in accordance with the provisions of section 462.575, but for no longer period than the period of tax exemption provided for under that section. In any case where property owned by the authority in a redevelopment project area is leased or otherwise made available by the authority to a private individual, firm, or corporation which previously owned the same or other property within the area, not for development in connection with the project but for temporary use pending relocation of such former owner's residence or business, the authority may agree to payment of sums in lieu of taxes for any year or period of such temporary use, not exceeding the amount of the annual rentals or other payments it receives for such use, but during such use the property and the authority shall be exempt from all taxes and special assessments as provided in section 462.575, and the provisions of section 272.01, subdivision 2 and of section 273.19 shall not apply to such property or to such use thereof. In connection with any redevelopment project, an authority may make further agreements respecting taxes as provided below in the case of projects which are not subject to the provisions of sections 1 to 14. *The provisions of subdivisions 2 and 3 shall not apply with respect to any project, certification of which is requested subsequent to the effective date of the tax increment financing act .*

Sec. 18. Minnesota Statutes 1978, Section 462.585, Subdivision 4, is amended to read:

Subd. 4. [TAX INCREMENT FINANCING.] The authority may pledge and appropriate any part or all of the tax increments received for any redevelopment project, and any part or all of the revenues received from lands in the project area while owned by the authority, for the payment of the principal of and interest on bonds issued in aid of the project pursuant to sections 462.551, 462.581, or chapter 474, by the authority or by the governing body of the municipality or other state public body within whose corporate limits the project area is situated. Any such pledge for the payment of bonds issued by the governing body shall be made by written agreement executed on behalf of the authority and the governing body and filed with the county auditor. The estimated collections of the tax increments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 3. When such an agreement is made and filed, the bonds may be issued by the governing body in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. *Bonds shall not be issued nor tax increments or other revenues pledged pursuant*

to this subdivision subsequent to the effective date of the tax increment financing act.

Sec. 19. Minnesota Statutes 1978, Section 472A.06, is amended to read:

472A.06 [ISSUANCE OF BONDS.] The governing body of the municipality, may authorize, issue and sell general obligation bonds, which shall mature within 30 years from the date of issue, to finance the acquisition and betterment of real and personal property needed to carry out the development program within the development district together with all relocation costs incidental thereto in accordance with sections 475.51, 475.53, 475.54, 475.55, 475.56, 475.60, 475.61, 475.62, 475.63, 475.65, 475.66, 475.69, 475.70, 475.71. All tax increments received by the municipality pursuant to section 472A.08 shall be pledged for the payment of these bonds and used to reduce or cancel the taxes otherwise required to be extended for that purpose, and the bonds shall not be included when computing the municipality's net debt. *Bonds shall not be issued under this section subsequent to the effective date of the tax increment financing act.*

Sec. 20. Minnesota Statutes 1978, Section 472A.07, is amended by adding a subdivision to read:

Subd. 5. The provisions of this section shall not apply to a development district certification of which is requested subsequent to the effective date of the tax increment financing act.

Sec. 21. Minnesota Statutes 1978, Section 472A.08, is amended by adding a subdivision to read:

Subd. 6. The provisions of this section shall not apply to a development district, certification of which is requested subsequent to the effective date of the tax increment financing act.

Sec. 22. Minnesota Statutes 1978, Section 473F.02, Subdivision 3, is amended to read:

Subd. 3. "Commerical-industrial property" means the following categories of property, as defined in section 273.13, excluding that portion of such property (a) which may, by law, constitute the tax base for a tax increment pledged pursuant to sections 462.585 or 474.10, *with respect to a tax increment financing district certification of which was requested prior to the effective date of the tax increment financing act* to the extent and while such tax increment is so pledged; (b) 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 (c) which is exempt from taxation pursuant to section 272.02:

(a) That portion of class 3 property 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) Class 3h property.

(c) Class 3j property.

(d) That portion of class 4 property 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.

(e) That property valued and assessed under section 273.13, subdivision 14.

Sec. 23. Minnesota Statutes 1978, Section 473F.05, is amended to read:

473F.05 [ASSESSED VALUATION; 1972 AND SUBSEQUENT YEARS.] On or before November 20 of 1972 and each subsequent year, the assessors within each county in the area shall determine and certify to the county auditor the assessed valuation in that year of commercial-industrial property subject to taxation within each municipality in his county, *determined without regard to section 6, subdivision 3.*

Sec. 24. Minnesota Statutes 1978, Section 473F.08, Subdivision 2, is amended to read:

Subd. 2. The taxable value of a governmental unit is its assessed valuation, as determined in accordance with other provisions of law *including section 6, subdivision 3*, subject to the following adjustments:

(a) There shall be subtracted from its assessed valuation, 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 473F.06 in respect to that municipality as the total preceding year's assessed valuation of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, *determined without regard to section 6, subdivision 3*, bears to the total preceding year's assessed valuation of commercial-industrial property within the municipality, *determined without regard to section 6, subdivision 3*;

(b) There shall be added to its assessed valuation, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the area-wide base for the year attributable to that municipality as the total preceding year's assessed valuation of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's assessed valuation of residential property of the municipality.

Sec. 25. Minnesota Statutes 1978, Section 473F.08, Subdivision 4, is amended to read:

Subd. 4. In 1972 and subsequent years, the county auditor shall divide that portion of the levy determined pursuant to subdivision 3, clause (b), by the assessed valuation of the governmental unit, *taking section 6, subdivision 3 into account*, less that portion subtracted from assessed valuation pursuant to subdivision 2, clause (a). The resulting rate shall apply to all taxable property except commercial-industrial property, which shall be taxed in accordance with subdivision 6.

Sec. 26. Minnesota Statutes 1978, Section 473F.08, Subdivision 6, is amended to read:

Subd. 6. The rate of taxation determined in accordance with subdivision 5 shall apply in the taxation of 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 2, subdivision 8*, to that portion of the assessed valuation of the item which bears the same proportion to its total assessed valuation as 40 percent of the amount determined pursuant to section 473F.06 in respect to the municipality in which the property is taxable bears to: (a) the amount determined pursuant to section 473F.05 minus (b) *the entire portion thereof located within any tax increment financing district, as defined in section 2, subdivision 8 for which tax increment is computed in accordance with section 6, subdivision 3, clause (a)(2), regardless of the extent to which it is or is not included in determining assessed value for purposes of computing local mill rates under section 6, subdivision 3, clause (a)(2)*. The rate of taxation determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the assessed valuation of the item.

Sec. 27. Minnesota Statutes 1978, Section 474.10, Subdivision 2, is amended to read:

Subd. 2. Any municipality or redevelopment agency may request the county auditor of the county in which a project is situated to certify the original taxable value of the real property included therein and the tax increments realized each year after the commencement of the project, *as defined in section 462.585, and provided in the tax increment financing act*. The municipality or redevelopment agency shall be entitled to receive, use, and pledge such tax increments for the further security of the revenue bonds issued to finance the project, in either of the following ways:

(1) To pay premiums for insurance guaranteeing the payment of net rentals when due under the project lease; or

(2) To accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds.

Sec. 28. [REPEALER.] *Minnesota Statutes 1978, Sections 458.192, Subdivision 12; 472A.02, Subdivision 3; and 472A.08, Subdivisions 4 and 5, are repealed.*

Sec. 30. [EFFECTIVE DATE.] *This act is effective the day following final enactment.*

Amend the title as follows:

Page 1, line 9, before "473F.02" insert "472A.08, by adding a subdivision;"; and after "3;" insert "473F.05; 473F.08, Subdivisions 2, 4, and 6;"

Page 1, line 10, delete "Chapters" and insert "Chapter"

Page 1, line 11, delete "and 472A, by adding a section;"

Page 1, line 13, after "12;" insert "472A.02, Subdivision 3;"

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

Mr. Chenoweth from the Committee on Governmental Operations, to which was re-referred

S. F. No. 776: A bill for an act relating to accountancy; providing for licensing of public accountants; prohibiting certain practices; appropriating money; providing penalties; amending Minnesota Statutes 1978, Sections 326.17; 326.18; 326.20, Subdivisions 1 and 2; and Chapter 326, by adding sections.

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

Page 2, line 23, delete "*of this act*"

Page 5, after line 14, insert:

"Sec. 4. Minnesota Statutes 1978, Section 326.19, Subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] The license, certified public accountant, shall be granted to any person:

(a) Who has attained the age of 18 years; and

(b) ~~Who is of good moral character; and~~

(c) Who holds:

(i) a master's degree with a major in accounting from a college or university that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or who has in the opinion of the board at

least an equivalent education, providing at least one year of experience of the type specified in subdivision 4, has been completed; or

(ii) a baccalaureate degree, with a major in accounting, from a college or university that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or whose credits are acceptable to the University of Minnesota for admission to graduate study, or who has in the opinion of the board at least an equivalent education, providing at least two years experience of the type specified in subdivision 4, has been completed; or

(iii) a baccalaureate degree from a college or university that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or whose credits are acceptable to the University of Minnesota for admission to graduate study, or who has in the opinion of the board at least an equivalent education, providing at least three years experience of the type specified in subdivision 4, has been completed; or

(iv) evidence of having completed two or more years of study with passing grade average or above from a college or university that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or whose credits are acceptable to the University of Minnesota for admission to graduate study, or an area vocational-technical school, a Minnesota licensed private vocational school which fulfills the requirements of sections 141.21 to 141.36, or who has in the opinion of the board at least an equivalent education, providing at least five years experience of the type specified in subdivision 4, has been completed; or

(v) a diploma as a graduate of an accredited high school or who has in the opinion of the board at least an equivalent education, providing at least six years experience of the type specified in subdivision 4, has been completed; and

~~(d)~~ (c) Who has completed successfully an examination in such subjects and at such times, as the board may prescribe in its rules. The examination shall be administered by the board only to a candidate who holds:

(i) a baccalaureate degree with a major in accounting or higher degree, as described in clause (c) (i) or clause (c) (ii) or to persons having at least an equivalent education, or to candidates for such degree providing such candidate is currently registered in his final semester or quarter preceding graduation, or

(ii) a baccalaureate degree, as described in clause (c) (iii), provided at least one year experience of the type specified in subdivision 4, has been completed, or

(iii) evidence of having completed two or more years of study with passing grade average or above from a college, university, area vocational-technical school or a Minnesota licensed private vocational school which fulfills the requirements of sections 141.21

to 141.36, as described in clause (c) (iv), provided at least three years experience of the type specified in subdivision 4, has been completed, or

(iv) a diploma as a graduate of an accredited high school, as described in clause (c) (v), provided at least five years experience of the type specified in subdivision 4, has been completed."

Page 5, line 18, delete "(a)" and insert "(i)"

Page 5, line 19, delete "(b)" and insert "(ii)"

Page 5, line 20, delete "(c) who is of good moral character;"

Page 5, line 20, delete "(d)" and insert "(iii)"

Page 10, lines 12 and 13, delete "4 of this act" and insert "5"

Page 11, line 9, delete "of this act"

Page 13, line 9, delete "12 of this act" and insert "13"

Page 14, lines 10 and 11, delete "12 of this act" and insert "13"

Page 14, lines 19, 21, 26, and 28, delete "12" and insert "13"

Page 15, lines 11 and 12, delete "12 of this act" and insert "13"

Page 15, line 13, delete "11" and insert "12"

Page 15, line 15, delete "such" and insert "the"

Page 15, line 20, delete "12" and insert "13"

Page 15, line 21, delete "of this act"

Page 15, line 30, delete "act" and insert "section"

Page 16, after line 5, insert:

"Sec. 15. [REPEALER.] *Minnesota Statutes 1978, Sections 326.17; 326.18; 326.19; 326.20; 326.21; 326.22; 326.23 are repealed effective July 1, 1982.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after "326.18;" insert "326.19, Subdivision 2;"

Page 1, line 7, before the period, insert "; repealing Minnesota Statutes 1978, Sections 326.17 to 326.23"

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

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

H. F. No. 555: A bill for an act relating to crimes; specifying the crime of offering substances purporting to be prohibited for sale; creating a new category of offense for assault; reclassifying assaults by degrees; specifying the crime of interference with privacy; reclassifying the pecuniary categories of the crime of

theft; redefining certain felonies; authorizing agents of the bureau of criminal apprehension to obtain search warrants; clarifying the locus of venue; providing penalties; amending Minnesota Statutes 1978, Sections 609.02, by adding subdivisions; 609.11; 609.25, Subdivision 2; 609.341, Subdivision 3, and by adding a subdivision; 609.343; 609.344; 609.345; 609.52, Subdivision 3; 609.562; 609.563; 609.595, Subdivision 1; 611.033; 626.05, Subdivision 2; 626.11; 626.13; 627.01; Chapters 152, by adding a section; and 609, by adding sections; repealing Minnesota Statutes 1978, Sections 246.43; 609.22; and 609.225.

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

Pages 1 and 2, delete sections 1 and 2

Page 3, line 33, delete "*, or other significant bodily harm*"

Page 5, after line 25, insert:

"Sec. 10. Minnesota Statutes 1978, Section 609.341, Subdivision 13, is amended to read:

Subd. 13. "Complainant" means a person alleging to have been subjected to criminal sexual conduct, *but need not be the person who signs the complaint.*"

Page 12, line 11, after "*who*" insert "*enters upon another's property and*"

Page 12, line 12, delete "*looks,*"

Page 12, line 18, strike "No" and insert "A"

Page 12, line 19, after "shall" insert "*not*"

Page 12, line 21, delete "*length of*"

Page 12, line 22, strike "such" and insert "*the*"

Page 12, line 22, strike "shall have been" and insert "*is*"

Page 14, line 17, delete "*Section*" and insert "*Sections*"

Page 14, line 17, after "246.43," insert "*and 609.116*" and delete "*is*" and insert "*are*"

Page 14, line 18, after the period insert "*The sections hereby repealed shall continue to be applicable to any person with respect to acts committed prior to the effective date of this subdivision.*"

Page 14, line 20, delete "25" and insert "24"

Page 14, line 20, delete "26" and insert "25"

Page 14, line 24, delete "26" and insert "25"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 14, delete "Subdivision" and insert "Subdivisions" and after "3" insert "and 13"

Page 1, line 18, delete "Chapters 152, by adding a" and insert "Chapter"

Page 1, line 19, delete "section; and"

Page 1, line 20, after "246.43;" insert "609.116;"

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 1032: A bill for an act relating to open space and recreation; providing for the acquisition and betterment of open space lands, state trails, forests, fish and wildlife management, natural and scientific areas, and accesses to public waters; authorizing the issuance of bonds; appropriating money; amending Laws 1977, Chapter 421, Section 13, Subdivision 3.

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

Page 1, after line 10, insert:

"Section 1. [OUTDOOR RECREATION BONDING.] *To provide the money appropriated by this act from the state building fund, the commissioner of finance, upon request of the governor, shall sell and issue bonds of the state in the amount of \$46,465,000 in the manner and upon the terms prescribed by Minnesota Statutes, Sections 16A.63 to 16A.67, and the Minnesota Constitution, Article XI, Sections 4 to 7.*"

Page 1, line 12, delete "AND BONDS"

Page 1, line 13, delete "Subdivision 1."

Page 2, line 3, delete "subdivision" and insert "section"

Page 2, delete lines 8 to 23

Page 3, line 1, delete "250,000" and insert "750,000"

Page 4, line 20, delete "1,669,000" and insert "2,081,500"

Page 4, line 26, delete "maintenance,"

Page 4, line 30, after "waters" insert "outside the counties of Hennepin, Ramsey, Anoka, Dakota, Washington, Scott and Carver"

Page 5, after line 32, insert:

"Sec. 6. [BICYCLE TRAIL GRANTS.] *Subdivision 1. The sums set forth in this section are appropriated to the commissioner of transportation for the purposes indicated.*

Subd. 2. For betterment of public land and improvements needed for state bicycle trails primarily

on existing road rights of way, pursuant to Minnesota Statutes, Section 160.265, Subdivision 1. 1,000,000

Subd. 3. Local bicycle trail grants, pursuant to section 160.265, subdivision 2. 2,000,000

Subd. 4. Of the amounts appropriated by subdivision 2 of this section, not more than 15 percent, and of the amounts appropriated by subdivision 3 of this section, not more than five percent, may be expended by the commissioner for staff and independent professional services needed for the grant program.

Sec. 7. [TETTEGOUCHE STATE PARK.] Subdivision 1. Tettegouche state park is established in Lake County.

Subd. 2. The commissioner of natural resources is authorized to acquire by gift or purchase the lands for Tettegouche state park. Those lands commonly referred to as Tettegouche camp and presently the subject of an option agreement between the owners of Tettegouche camp and the Nature Conservancy may be acquired for a sum not to exceed \$880,000 plus the actual expenses of the Nature Conservancy in negotiating and acquiring the option in an amount not to exceed \$10,000 and any actual interest costs that arise between the time the option is exercised by the Nature Conservancy and the land is acquired by the commissioner. Any land which now is tax-forfeited land and is located within the boundaries of Tettegouche state park is hereby withdrawn from sale and is transferred from the custody, control, and supervision of the county board of the county to the commissioner of natural resources, free from any trust in favor of the interested taxing districts. The transfer of such tax-forfeited land is effective only after an amount equal to the fair market value of the land is paid by the commissioner to the county. Any money appropriated for state park land acquisition may be expended for this payment related to tax-forfeited land. The county auditor shall apportion this money in the manner provided in Minnesota Statutes, Section 282.08 for the apportionment of proceeds from the sale of tax-forfeited lands. The commissioner shall execute a certificate of acceptance of the lands on behalf of the state and shall transmit the same to the county auditor of the county for record as provided by law in the case of tax-forfeited land transferred to the commissioner by resolution of the county board for conservation purposes. All lands within the boundaries of Baptism River state park as it exists on the effective date of this act and which have been acquired for state park purposes are hereby incorporated into and made a part of Tettegouche state park. The previous designation of such lands as Baptism River state park shall be discontinued by the commissioner within three years of the effective date of this act. All lands acquired for Tettegouche state park shall be administered in the same manner as provided for other state parks and shall be perpetually dedicated for such use.

Subd. 3. When the privately owned Tettegouche camp is acquired for inclusion within Tettegouche state park, and when, as a result of the acquisition, taxes are no longer assessed against the tract or improvements thereon, the following amount shall be paid by the commissioner of natural resources to Lake County for distribution

to the taxing district: In the first year after taxes are last required to be paid on the property, 90 percent of the last required payment; in the second year, 80 percent; in the third year, 70 percent; in the fourth year, 60 percent; in the fifth year, 50 percent; in the sixth year, 40 percent; in the seventh year, 30 percent; in the eighth year, 20 percent; and in the ninth year, 10 percent. The commissioner shall make such payments from any 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 pursuant to this section. Money received by a county pursuant to this subdivision shall be distributed to the various taxing districts in the same proportion as the levy of the taxing district bears to the total levy on the property in the last year taxes were required to be paid on the property.

Subd. 4. Within 30 months after the effective date of this act, the commissioner shall offer for sale in the manner provided by law, or declare surplus for sale in the manner provided by law, lands outside the boundaries of Tettegouche state park valued at not less than \$880,000 or, in the event the lands known as the Tettegouche camp are valued for purposes of federal matching funds at a higher amount, that higher value. In no case shall the amount of land offered for sale exceed 3,400 acres in total area. All lands offered for sale shall be located in Lake County, to offset the removal from the tax rolls of those private lands acquired for Tettegouche state park after the effective date of this act. The commissioner shall select lands for sale that minimize impact on timber production and public recreation and have maximum potential for private development with minimum public costs or allow consolidation of ownership or road development. The commissioner shall consult with the Lake County board before offering lands for sale or declaring lands surplus. Prior to acquiring the private lands for Tettegouche state park, but in no event later than September 1, 1979, the commissioner shall identify the lands to be offered for sale and submit a list of these lands to the legislative commission on Minnesota resources. The commissioner may modify this list thereafter with the approval of the legislative commission on Minnesota resources.

Subd. 5. The following described lands are located within the boundaries of Tettegouche state park: In Township 57 North, Range 7 West.

All of the Southeast Quarter, Northeast Quarter and Southeast Quarter of the Northwest Quarter of Section 31.

All of the Southwest Quarter of the Southwest Quarter of Section 32.

In Township 56 North, Range 8 West.

That part of the Southeast Quarter of the Southeast Quarter of Section 1 lying southeasterly of C.S.A.H.4.

All of Government Lot 7, Section 12.

In Township 56 North, Range 7 West.

All of Sections 5, 7, and 8.

All of the Northeast Quarter, Northwest Quarter, Southeast Quarter, Northwest Quarter of the Southwest Quarter, and the South Half of the Southwest Quarter of Section 9.

All of the Southwest Quarter and the West Half of the Southeast Quarter of Section 4.

All that part of Section 6 lying southeasterly of C.S.A.H.4.

All of the Southwest Quarter, West Half of the Southeast Quarter, Southeast Quarter of the Northwest Quarter, and Southwest Quarter of the Northeast Quarter of Section 10.

All of Government Lots 1, 2, and 3 and the Northwest Quarter of the Northwest Quarter of Section 14. All of the Northeast Quarter, East Half of the Northwest Quarter, and Northwest Quarter of the Southeast Quarter of Section 15.

All of Government Lot 1 of Section 15 except the following described parcel:

Beginning at the water line of Lake Superior on the north and south line between Government Lots 1 and 2 in said Section 15; thence North 5 degrees West, 7 chains; thence North 61 degrees East, 3 chains and 57 links; thence North 47 degrees East, 3 chains and 25 links; thence South 30 degrees East to the water line of Lake Superior; thence westerly along said water line to the point of beginning.

All of the North Half of the Northeast Quarter and the Northeast Quarter of the Northwest Quarter of Section 18.

All of the North Half of the Northwest Quarter and the Northwest Quarter of the Northeast Quarter of Section 17.

Subd. 6. In the next edition of Minnesota Statutes the revisor of statutes is directed to delete "Subd. 3. Baptism River state park, Lake County," from section 85.012, and to insert "Subd. 55a. Tettegouche state park, Lake County." in section 85.012.

Subd. 7. The commissioner may lease land, not to exceed 400 acres, inside the boundaries of Tettegouche state park, on such terms as he deems proper, giving due consideration to insuring the protection of natural resources, for use as an environmental learning center to be constructed and operated by a non-profit group. In no event shall the lease term exceed forty years. If an environmental learning center is established, the commission shall manage the park in a manner consistent with its use by the environmental learning center.

Subd. 8. This section is effective the day following its enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "state" insert "and local"

Page 1, line 7, after "bonds;" insert "establishing Tettegouche state park; prescribing the powers and duties of the commissioner of natural resources in relation to Tettegouche state park;"

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 1548: A bill for an act relating to claims against the state; appropriating money for the payment thereof.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 519: A bill for an act relating to shade tree disease control; authorizing grants for municipal shade tree removal and reforestation programs; appropriating money; amending Minnesota Statutes 1978, Sections 18.023, Subdivisions 1 and 3a; and 275.50, Subdivision 6.

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

Page 3, line 29, after "rules" insert "*including temporary rules,*"

Page 4, line 9, after "system." insert "*Grants for sanitation and reforestation shall be combined into one grant program.*"

Page 4, line 19, before "of" insert "*but not more than \$50 per tree,*"

Page 4, line 26, after "cost" insert "*but not more than \$60 per tree,*"

Page 4, line 33, after "the" insert "*cost, but not more than \$60 per tree, of the*"

Page 6, delete lines 18 to 32

Page 6, line 33, before "The" insert "Sec. 4."

Page 7, line 2, delete "*specified in clauses*"

Page 7, line 3, delete "(a) to (c)" and insert "*appropriated for those purposes*"

Page 7, delete lines 6 and 7

Page 7, line 8, delete "*Subd. 3.*" and insert "Sec. 5."

Page 7, line 8, delete "*by this section*" and insert "*for the biennium 1980-81*"

Page 7, line 9, after the second "for" insert "*the combined*"

Page 7, line 13, after the second "for" insert "*the combined*"

Page 7, line 15, after the second "for" insert "*the combined*"

Page 7, line 16, after "*reforestation*" insert "*programs*"

Page 7, line 17, delete "*All other funds remain available until expended.*"

Amend the title as follows:

Page 1, lines 4 and 5, delete "appropriating money;"

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 437: A bill for an act relating to state property; authorizing the conveyance of certain state property in Kandiyohi County to the city of Willmar; appropriating money.

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

Page 1, line 18, after the dollar sign insert "9,000"

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

Mr. Moe from the Committee on Finance, to which was referred

H. F. No. 912: A bill for an act relating to juries; requiring the department of public safety to provide jury commissioners with drivers' license lists at a reasonable fee; amending Minnesota Statutes 1978, Section 593.37, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which was referred H. F. No. 699 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

SPECIAL ORDERS CONSENT CALENDAR CALENDAR

H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
699	352				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 699 be amended as follows:

Page 1, delete lines 8 to 22

Page 2, delete lines 1 to 33

Page 3, delete lines 1 to 9

Page 3, line 10, delete "Sec. 2." and insert "Section 1."

Further, amend the title as follows:

Page 1, delete lines 3 and 4 and insert "amending Minnesota Statutes 1978, Section"

And when so amended H. F. No. 699 will be identical to S. F. No. 352, and further recommends that H. F. No. 699 be given its second reading and substituted for S. F. No. 352, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 977, 1032, 1548, 519, 437, 1569 and 1570 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H. F. No. 699 was read the second time.

H. F. Nos. 643, 555 and 912 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Mr. Wegener moved that the name of Mr. Sikorski be added as co-author to S. F. No. 153. The motion prevailed.

Mr. Vega moved that the name of Mr. Sikorski be added as co-author to S. F. No. 1176. The motion prevailed.

Mr. Sieloff moved that S. F. No. 450 be taken from the table. The motion prevailed.

Mr. Sieloff moved that the Senate do not concur in the amendments by the House to S. F. No. 450 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. Kleinbaum moved that S. F. No. 521 be taken from the table. The motion prevailed.

Mr. Kleinbaum moved that the Senate do not concur in the amendments by the House to S. F. No. 521 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. Nelson moved that S. F. No. 219 be taken from the table. The motion prevailed.

Mr. Nelson moved that the Senate do not concur in the amendments by the House to S. F. No. 219 and that a Conference

Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. Nelson moved that H. F. No. 145 be taken from the table. The motion prevailed.

Mr. Nelson moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 145, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. Menning moved that H. F. No. 13 be taken from the table. The motion prevailed.

Mr. Menning moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 13, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. Schaaf moved that H. F. No. 444 be taken from the table. The motion prevailed.

Mr. Schaaf moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 444, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. Davies moved that S. F. No. 118 be taken from the table. The motion prevailed.

Mr. Davies moved that the Senate do not concur in the amendments by the House to S. F. No. 118 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. Moe moved that S. F. No. 1510 be taken from the table. The motion prevailed.

Mr. Moe moved that the Senate do not concur in the amendments by the House to S. F. No. 1510 and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. Moe moved that H. F. No. 1526 be taken from the table. The motion prevailed.

Mr. Moe moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1526, and that

a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. Moe moved that H. F. No. 1518 be taken from the table. The motion prevailed.

Mr. Moe moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1518, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. Moe moved that S. F. No. 1504 be taken from the table. The motion prevailed.

Mr. Moe moved that the Senate do not concur in the amendments by the House to S. F. No. 1504 and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. Bang moved that the Message From the House on S. F. No. 572 be taken from the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 572: A bill for an act relating to the city of Bloomington; authorizing additional on-sale liquor licenses.

Four members of the House have been appointed to such committee on the part of the House as follows:

Peterson, Schreiber, Pehler and Casserly.

Senate File No. 572 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1979

MOTIONS AND RESOLUTIONS—CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Coleman moved to take up the Consent Calendar. The motion prevailed.

CONSENT CALENDAR

H. F. No. 982: A bill for an act relating to transportation; authorizing an increase in the mileage of the municipal state-aid street

system; amending Minnesota Statutes 1978, Section 162.09, Sub-division 1.

Mr. Bernhagen moved that H. F. No. 982, No. 2 on the Consent Calendar, be stricken and placed on Special Orders. The motion prevailed.

H. F. No. 1235: A bill for an act relating to real estate; setting effective dates for provisions regulating the validation of foreclosure sales; amending Minnesota Statutes 1978, Section 582.27.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Laufenburger	Peterson	Spear
Ashbach	Hanson	Lessard	Pillsbury	Staples
Bang	Hughes	Luther	Purfeerst	Stokowski
Benedict	Humphrey	McCutcheon	Renneke	Strand
Bernhagen	Jensen	Menning	Rued	Stumpf
Brataas	Johnson	Moe	Schaaf	Tennessee
Coleman	Keefe, J.	Nelson	Schmitz	Ueland, A.
Dieterich	Kirchner	Nichols	Setzpfandt	Ulland, J.
Dunn	Kleinbaum	Ogdahl	Sieloff	Vega
Engler	Knaak	Olhoff	Sikorski	Wegener
Frederick	Knoll	Olson	Sillers	Willet
Gearty	Knutson	Penny	Solon	

So the bill passed and its title was agreed to.

H. F. No. 59: A bill for an act relating to towns in Houston County; providing a method for determining whether to open or maintain certain town roads.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Laufenburger	Fillsbury	Stokowski
Ashbach	Gearty	Lessard	Purfeerst	Strand
Bang	Gunderson	Luther	Renneke	Stumpf
Benedict	Hanson	McCutcheon	Rued	Tennessee
Bernhagen	Hughes	Menning	Schaaf	Ueland, A.
Brataas	Humphrey	Moe	Schmitz	Ulland, J.
Chenoweth	Jensen	Nelson	Setzpfandt	Vega
Chmielewski	Johnson	Nichols	Sieloff	Wegener
Coleman	Keefe, J.	Ogdahl	Sikorski	Willet
Davies	Kirchner	Olhoff	Sillers	
Dieterich	Kleinbaum	Olson	Solon	
Dunn	Knaak	Penny	Spear	
Engler	Knutson	Peterson	Staples	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

SPECIAL ORDER

H. F. No. 982: A bill for an act relating to transportation; authorizing an increase in the mileage of the municipal state-aid street system; amending Minnesota Statutes 1978, Section 162.09, Subdivision 1.

Mr. Purfeerst moved to amend H. F. No. 982 as follows:

Page 1, after line 21, insert:

"Sec. 2. Minnesota Statutes 1978, Section 162.02, is amended by adding a subdivision 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 162.07, 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.

Sec. 3. Minnesota Statutes 1978, Section 162.07, Subdivision 2, is amended to read:

Subd. 2. [MONEY NEEDS DEFINED.] For the purpose of this section, money needs of each county are defined as the estimated total annual costs of constructing, over a period of 25 years, the county state-aid highway system in that county. Costs incidental to construction, or a specified portion thereof as set forth in the commissioner's rules and regulations may be included in determining money needs. When a county state-aid highway is located over a street in a city having a population of 5,000 or more, only the construction costs of the center 24 feet of the street shall be included in the money needs of that county; provided, that when traffic volumes warrant multiple or divided lane highways the construction costs of the necessary number of 12 foot lanes required for through traffic may be included in the money needs. When a county state-aid highway is located over a street in any city of less than 5,000 population, the construction costs of the entire width of the roadway or street surface shall be included in the money needs of that county. To avoid variances

in costs due to differences in construction policy, construction costs shall be estimated on the basis of the engineering standards developed cooperatively by the commissioner and the county engineers of the several counties. Any variance granted pursuant to section 2 shall be reflected in the estimated construction costs in determining money needs.

Sec. 4. Minnesota Statutes 1978, Section 162.09, is amended by adding a subdivision 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.

Sec. 5. Minnesota Statutes 1978, Section 162.13, Subdivision 2, is amended to read:

Subd. 2. [MONEY NEEDS DEFINED.] For the purpose of this section money needs of each city having a population of 5,000 or more are defined as the estimated cost of constructing and maintaining over a period of 25 years the municipal state-aid street system in such city. Right of way costs and drainage shall be included in money needs. Lighting costs and other costs incidental to construction and maintenance, or a specified portion of such costs, as set forth in the commissioner's rules and regulations, may be included in determining money needs. When a county locates a county state-aid highway over a portion of a street in any such city and the remaining portion is designated as a municipal state-aid street only the construction and maintenance costs of the portion of the street other than the portions taken over by the county shall be included in the money needs of the city. To avoid variances in costs due to differences in construction and maintenance policy, construction and maintenance costs shall be estimated on the basis of the engineering standards developed cooperatively by the commissioner and the engineers, or a committee thereof, of the cities. Any variance granted pursuant to section 4 shall be reflected in the estimated construction and maintenance costs in determining money needs.

Sec. 6. [RULES.] *The commissioner shall adopt rules, no later than January 1, 1980, in accordance with sections 15.041 to 15.052, setting forth the criteria to be considered by the commissioner*

in evaluating requests for variances under sections 2 and 4. The rules shall include, but are not limited to, economic, engineering and safety guidelines. The engineering standards adopted pursuant to section 162.07, subdivision 2, or section 162.13, subdivision 2, shall be adopted pursuant to the requirements of chapter 15 by July 1, 1980.

Sec. 7. [EFFECTIVE DATE.] *Sections 2 to 6 are effective the day following final enactment."*

Amend the title as follows:

Page 1, line 4, after the semicolon insert "authorizing the commissioner to grant variances from county state-aid highway and municipal state-aid street rules and engineering standards subject to contested case procedures; requiring the commissioner to adopt certain rules;"

Page 1, line 4, after the comma insert "Sections 162.02, by adding a subdivision; 162.07, Subdivision 2;"

Page 1, line 5, delete "Section" and before the period insert ", and by adding a subdivision; and 162.13, Subdivision 2"

The motion prevailed. So the amendment was adopted.

H. F. No. 982 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 59 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knaak	Olson	Solon
Ashbach	Gearty	Knoll	Penny	Spear
Bang	Gunderson	Knutson	Peterson	Staples
Benedict	Hanson	Laufenburger	Pillsbury	Stokowski
Bernhagen	Hughes	Lessard	Purfeerst	Strand
Brataas	Humphrey	Luther	Renneke	Stumpf
Chenoweth	Jensen	McCutcheon	Rued	Ueland, A.
Chmielewski	Johnson	Menning	Schaaf	Ulland, J.
Davies	Keefe, J.	Moe	Schmitz	Vega
Dieterich	Keefe, S.	Nelson	Setzepfandt	Wegener
Dunn	Kirchner	Ogdahl	Sieloff	Willet
Engler	Kleinbaum	Olhoft	Sikorski	

Mr. Tennesen voted in the negative.

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

SPECIAL ORDER

H. F. No. 898: A bill for an act relating to traffic regulation; allowing an authorized emergency vehicle to use an oscillating white light; amending Minnesota Statutes 1978, Section 169.55, Subdivision 1.

Mr. Ulland, J. moved to amend H. F. No. 898 as follows:

Page 1, after line 7, insert:

“Section 1. Minnesota Statutes 1978, Chapter 169, is amended by adding a section to read:

[169.215] [SENIOR CITIZEN AND HANDICAPPED CROSSINGS.] *Subdivision 1. [DESIGNATION OF CROSSINGS.] Local authorities may designate a senior citizen or handicapped crossing on any street or highway in the vicinity of a senior citizen housing project, senior citizen nursing home, or residential care facility for handicapped persons on the basis of an engineering and traffic investigation prescribed by the commissioner and subject to the uniform specifications adopted pursuant to subdivision 2. Designation of a senior citizen or handicapped crossing on a trunk highway is subject to the written consent of the commissioner.*

Subd. 2. [UNIFORM SPECIFICATIONS.] The commissioner shall adopt uniform specifications for senior citizen or handicapped crossings. The specifications shall include criteria for determining the need for a crossing and the type and design of traffic control devices or signals that may be used at the crossing. The specifications shall be incorporated as a part of the manual of uniform traffic control devices required pursuant to section 169.06.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert “authorizing establishment of senior citizen crossing in conformance with uniform specifications adopted by the commissioner of transportation;”

Page 1, line 5, before the period, insert “; and Chapter 169, by adding a section”

The motion prevailed. So the amendment was adopted.

H. F. No. 898 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Peterson	Staples
Ashbach	Gearly	Knutson	Pillsbury	Stokowski
Bang	Gunderson	Laufenburger	Purfeerst	Strand
Benedict	Hanson	Lessard	Renneke	Stumpf
Bernhagen	Hughes	Luther	Rued	Tennessee
Brataas	Humphrey	McCutcheon	Schaaf	Ueland, A.
Chenoweth	Jensen	Menning	Setzpfandt	Ulland, J.
Chmielewski	Johnson	Moe	Sieloff	Vega
Davies	Keefe, J.	Nelson	Sikorski	Wegener
Dieterich	Keefe, S.	Ogdahl	Sillers	Willet
Dunn	Kirchner	Olson	Solon	
Engler	Knaak	Perpich	Spear	

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

SPECIAL ORDER

H. F. No. 361: A bill for an act relating to public contracts;

providing for progress payments; authorizing alternative means of securing full performance; amending Minnesota Statutes 1978, Sections 161.322; 162.04; 162.10; and 429.041, Subdivision 6.

Mr. Knoll moved that the amendment made to H. F. No. 361 by the Committee on Rules and Administration in the report adopted April 30, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H. F. No. 361 was then progressed.

SPECIAL ORDER

H. F. No. 882: A bill for an act relating to pollution control; establishing processing procedures for outstanding unpaid charges for solid waste management; providing for certification of certain charges to county auditors for collection of taxes upon the lands served; amending Minnesota Statutes 1978, Section 400.08.

Mr. Johnson moved to amend H. F. No. 882, as amended pursuant to Rule 49, adopted by the Senate May 3, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1044.)

Page 2, line 7, delete "auditor" and insert "county board"

Page 2, line 8, delete "board" and insert "auditor"

The motion prevailed. So the amendment was adopted.

H. F. No. 882 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Perpich	Stokowski
Bang	Gunderson	Lessard	Peterson	Strand
Benedict	Hanson	Luther	Pillsbury	Stumpf
Bernhagen	Hughes	Menning	Purfeerst	Ueland, A.
Brataas	Jensen	Merriam	Rued	Ulland, J.
Chenoweth	Johnson	Moe	Schaaf	Vega
Chmielewski	Keefe, J.	Nelson	Schmitz	Wegener
Davies	Keefe, S.	Nichols	Setzepfandt	Willet
Dieterich	Kirchner	Ogdahl	Sieloff	
Dunn	Kleinbaum	Olhoft	Sikorski	
Engler	Knaak	Olson	Sillers	
Frederick	Knoll	Penny	Spear	

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

SPECIAL ORDER

S. F. No. 1010: A bill for an act relating to elections; regulating the financing of political campaigns and disclosure of economic interests by certain candidates and elected officials in Hennepin County and certain adjoining municipalities and school districts;

imposing duties on the ethical practices board, county election officials, city clerks and school district administrators; superseding other special laws, home rule charters and local ordinances; imposing late filing fees and criminal penalties; repealing Laws 1977, Chapter 131.

Mr. Dunn moved to amend S. F. No. 1010 as follows:

Page 2, line 31, delete "with territory in" and insert "wholly within"

Page 12, line 1, delete "or partially in" and insert "within"

Page 18, line 20, delete everything after "Hennepin" and insert a period

Page 18, delete line 21

The motion prevailed. So the amendment was adopted.

Mr. Luther moved to amend S. F. No. 1010 as follows:

Page 1, line 21, delete "in Hennepin County"

Page 2, line 29, delete "in Hennepin County"

Page 2, line 32, delete "in Hennepin County"

Page 3, line 23, delete "in Hennepin County"

Page 12, line 2, delete "in"

Page 12, line 3, delete "Hennepin County"

Page 12, line 10, delete "in Hennepin County"

Page 16, line 24, delete "informatin" and insert "information"

Page 16, line 32, delete "county" and delete "in Hennepin County"

Page 17, line 1, delete "other filing"

Page 17, line 2, delete "or elected officials are required to"

Page 17, line 3, delete "reports under sections 6 to 14" and insert "affidavits or applications of candidacy and nominating petitions"

Page 17, line 4, delete everything after "3."

Page 17, delete lines 5 to 8

Page 17, line 9, delete "of five years. A filing" and insert "An"

Page 17, line 9, after "officer" insert "who receives affidavits or applications of candidacy or nominating petitions"

Page 17, line 12, delete "of candidacy" and delete "or other officer of"

Page 17, line 13, delete "that jurisdiction,"

Page 17, line 14, delete "filing"

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend S. F. No. 1010 as follows:

Page 1, line 18, delete "and school district"

Page 1, line 19, delete the comma and insert "and" and delete "and school districts"

Page 1, line 21, delete "5,000" and insert "30,000"

Page 2, line 26, delete "or school district"

Page 2, line 27, delete the comma and insert "or" and delete "or school district"

Page 2, line 29, delete "5,000" and insert "30,000"

Page 2, line 32, delete "5,000" and insert "30,000"

Page 3, line 21, delete the comma and insert "or"

Page 3, lines 21 and 22, delete "or school district"

Page 3, line 23, delete "5,000" and insert "30,000"

Page 4, line 15, delete everything after "census" and insert a period

Page 4, delete line 16

Page 10, line 19, delete the comma and insert "or" and delete "or school district"

Page 11, line 33, delete the comma and insert "or"

Page 12, line 1, delete "or school district"

Page 12, line 2, delete "5,000" and insert "30,000"

Page 12, line 8, delete the comma and insert "or" and delete "or school district"

Page 12, line 10, delete "5,000" and insert "30,000"

Page 13, line 24, delete "or school district"

Page 13, line 25, delete "administrator"

Page 13, line 26, delete "or school district"

Page 13, line 28, delete "or school district"

Page 13, line 29, delete "election" and delete "or school district"

Page 13, line 30, delete "and school district"

Page 13, line 31, delete "administrator"

Page 18, line 3, delete the comma and insert "or"

Page 18, line 4, delete "or school district"

Amend the title as follows:

Page 1, line 7, delete the comma and insert "and" and delete "and school district"

Page 1, line 8, delete "administrators"

Mr. Frederick moved to amend the second Luther amendment to S. F. No. 1010, as follows:

In the Luther amendment, delete "30,000" wherever it appears and insert "75,000"

The motion prevailed. So the amendment to the Luther amendment was adopted.

The question recurred on the Luther amendment, as amended.

The motion prevailed. So the Luther amendment, as amended, was adopted.

S. F. No. 1010: A bill for an act relating to elections; regulating the financing of political campaigns and disclosure of economic interests by certain candidates and elected officials in Hennepin County and certain adjoining municipalities and school districts; imposing duties on the ethical practices board, county election officials and city clerks; superseding other special laws, home rule charters and local ordinances; imposing late filing fees and criminal penalties; repealing Laws 1977, Chapter 131.

Was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 29 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Knoll	Nichols	Spear
Benedict	Hughes	Laufenburger	Olhoft	Staples
Coleman	Humphrey	Menning	Peterson	Stokowski
Dieterich	Johnson	Merriam	Schaaf	Stumpf
Frederick	Keefe, J.	Moe	Sieloff	Vega
Gearty	Keefe, S.	Nelson	Sikorski	

Those who voted in the negative were:

Ashbach	Dunn	Lessard	Pillsbury	Solon
Bang	Engler	Luther	Purfeerst	Strand
Bernhagen	Jensen	McCutcheon	Renneke	Ueland, A.
Brataas	Kirchner	Ogdahl	Rued	Ulland, J.
Chenoweth	Kleinbaum	Olson	Schmitz	Wegener
Chmielewski	Knaak	Penny	Setzepfandt	Willet
Davies	Knutson	Perpich	Sillers	

So the bill, as amended, failed to pass.

SPECIAL ORDER

H. F. No. 1433: A bill for an act relating to certain political subdivisions; authorizing the issuance of revenue bonds for the acquisition and installation of equipment for hospital and medical purposes; authorizing the issuance of general obligation bonds for the construction of a municipal library and community center.

Mr. Strand moved that the amendment made to H. F. No. 1433 by the Committee on Rules and Administration in the report adopted May 9, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H. F. No. 1433 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 4, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Luther	Purfeerst	Strand
Bang	Hanson	Menning	Renneke	Stumpf
Benedict	Jensen	Moe	Rued	Tennessen
Bernhagen	Johnson	Nelson	Schaaf	Ueland, A.
Brataas	Keefe, J.	Nichols	Schmitz	Ulland, J.
Chmielewski	Keefe, S.	Ogdahl	Setzepfandt	Vega
Coleman	Kirchner	Olhoff	Sieloff	Wegener
Dieterich	Kleinbaum	Olson	Sikorski	Willet
Dunn	Knaak	Penny	Sillers	
Engler	Knutson	Perpich	Solon	
Frederick	Laufenburger	Peterson	Spear	
Gearty	Lessard	Pillsbury	Staples	

Messrs. Anderson, Davies, McCutcheon and Merriam voted in the negative.

So the bill passed and its title was agreed to.

MEMBERS EXCUSED

Messrs. Lessard, Perpich, Johnson, Dunn and Solon were excused from the Session of today at 12:10 o'clock p.m.

RECESS

Mr. Coleman moved that the Senate do now recess until 12:40 o'clock p.m. The motion prevailed.

The hour of 12:40 o'clock p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Dieterich	Kleinbaum	Nelson	Spear
Benedict	Gearty	Knoll	Penny	Stokowski
Bernhagen	Gunderson	Laufenburger	Peterson	Strand
Brataas	Hanson	Luther	Pillsbury	Stumpf
Chmielewski	Hughes	McCutcheon	Schaaf	Ulland, J.
Coleman	Keefe, S.	Merriam	Setzepfandt	Vega
Davies	Kirchner	Moe	Sikorski	Wegener

The Sergeant at Arms was instructed to bring in the absent members.

SPECIAL ORDER

H. F. No. 1227: A bill for an act relating to health; adding a time limit for hearing appeals under the hospitalization and commitment act; amending Minnesota Statutes 1978, Section 253A.21, Subdivision 5.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 39 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dieterich	Knutson	Peterson	Strand
Ashbach	Gearty	Laufenburger	Pillsbury	Stumpf
Bang	Gunderson	Luther	Schaaf	Tennessee
Benedict	Hanson	Merriam	Schmitz	Ulland, J.
Brataas	Hughes	Nelson	Setzepfandt	Vega
Chenoweth	Humphrey	Ogdahl	Sikorski	Wegener
Chmielewski	Kirchner	Olson	Spear	Willet
Davies	Knaak	Penny	Stokowski	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1226: A bill for an act relating to courts; providing that probate court shall have tort action jurisdiction; amending Minnesota Statutes 1978, Section 524.3-105.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 42 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Frederick	Knutson	Rued	Strand
Benedict	Gearty	Laufenburger	Schaaf	Stumpf
Bernhagen	Gunderson	Luther	Schmitz	Tennessee
Brataas	Hanson	Merriam	Setzepfandt	Ulland, J.
Chenoweth	Hughes	Ogdahl	Sieloff	Wegener
Chmielewski	Humphrey	Olson	Sikorski	Willet
Davies	Kirchner	Penny	Spear	
Dieterich	Knaak	Peterson	Staples	
Engler	Knoll	Pillsbury	Stokowski	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 984: A bill for an act relating to savings associations; authorizing savings associations to establish negotiable order of withdrawal accounts; imposing reserve requirements; amending Minnesota Statutes 1978, Chapter 51A, by adding a section.

Mr. Bang moved that S. F. No. 984, No. 19 on Special Orders, be stricken and re-referred to the Committee on Commerce. The motion prevailed.

SPECIAL ORDER

S. F. No. 1013: A bill for an act relating to elections; prohibiting persons from being in polling places in anticipation of vouching; amending Minnesota Statutes 1978, Section 204A.37.

Mr. Ueland, A. moved that S. F. No. 1013, on Special Orders, be stricken and re-referred to the Committee on Elections. The motion prevailed.

SPECIAL ORDER

H. F. No. 1473: A bill for an act relating to fiduciaries; providing for replacement of trustees; establishing guidelines for compensation of personal representatives; providing that cost considerations are a factor in the removal of trustees and personal representatives; amending Minnesota Statutes 1978, Sections 501.43; 524.3-611; and 524.3-719.

Mr. Luther moved that the amendment made to H.F. No. 1473 by the Committee on Rules and Administration in the report adopted May 7, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H. F. No. 1473 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Gearty	Luther	Rued	Stumpf
Benedict	Hughes	Merriam	Schaaf	Tennessee
Brataas	Humphrey	Moe	Setzepfandt	Ueland, A.
Chenoweth	Jensen	Nelson	Sieloff	Ulland, J.
Chmielewski	Keefe, S.	Ogdahl	Sikorski	Vega
Coleman	Kirchner	Olhoft	Sillers	Wegener
Davies	Kleinbaum	Olson	Solon	Willet
Dieterich	Knaak	Penny	Spear	
Dunn	Knoll	Perpich	Staples	
Engler	Knutson	Peterson	Stokowski	
Frederick	Laufenburger	Pillsbury	Strand	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 998: A bill for an act relating to corrections; providing for vocational training of the inmates of state correctional facilities; reorganizing and harmonizing the various laws relating to the industrial activities conducted at such facilities; amending Minnesota Statutes 1978, Sections 241.26, Subdivision 7; and 241.27; repealing Minnesota Statutes 1978, Sections 243.19; 243.41; 243.42; 243.43; 243.44; 243.45; 243.46; 243.47; 243.63; 243.66; 243.67; 243.68; 243.80; 243.84; 243.85; 325.45; 325.46; and 325.47.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Penny	Solon
Ashbach	Gunderson	Laufenburger	Perpich	Spear
Bang	Hughes	Lessard	Peterson	Stokowski
Benedict	Humphrey	Luther	Pillsbury	Strand
Brataas	Jensen	Menning	Purfeerst	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessen
Coleman	Keefe, S.	Moe	Schaaf	Ueland, A.
Davies	Kirchner	Nelson	Setzepfandt	Ulland, J.
Dieterich	Kleinbaum	Ogdahl	Sieloff	Vega
Engler	Knaak	Olhoft	Sikorski	Wegener
Frederick	Knoll	Olson	Sillers	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 1199: A bill for an act relating to retirement; state employees; miscellaneous amendments to the state employees, highway patrol officers and unclassified employees retirement plans; amending Minnesota Statutes 1978, Sections 43.051, Subdivision 4; 352.03, Subdivisions 1 and 6; 352.113, Subdivisions 1, 4 and 6; 352.115, Subdivisions 8 and 9; 352.12, Subdivision 2; 352.15, Subdivision 1; 352.23; 352D.02, Subdivision 1; 352D.04, Subdivision 2; and 352D.05, Subdivisions 3 and 4; Laws 1975, Chapter 388, Section 1, as amended, and by adding a subdivision; repealing Minnesota Statutes 1978, Sections 352.115, Subdivision 13; 352B.-29; 352D.03; and 352D.10.

Mr. Solon moved to amend S. F. No. 1199 as follows:

Page 17, after line 15, insert:

"Sec. 19. [REPAYMENT OF REFUND BY CERTAIN UNIVERSITY EMPLOYEES.] *Notwithstanding any provision of law to the contrary, any person who is employed on the effective date of this section or was formerly employed between January 1, 1975 and the effective date of this section by the university of Minnesota at the Duluth campus shall be entitled to repay a refund taken from any covered retirement fund enumerated in Minnesota Statutes, Section 356.30, Subdivision 3. The repayment of the refund shall be paid in a lump sum prior to July 1, 1981, and shall be in an amount equal to the amount of any refund taken plus compound interest at the rate of six percent per annum from the date the refund was taken to the date the refund is repaid. If the person repaying the refund is already receiving a retirement annuity from the retirement fund from which the refund was taken, the annuity shall be recomputed based on the service credit reinstated by the repayment of the refund; provided, however, in no event shall the retirement annuity be calculated in the law in effect other than as of the date on which the person terminated covered service and membership in the retirement fund.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "plans;" insert "authorizing the repayment of a refund by certain employees of the university of Minnesota at Duluth;"

The motion prevailed. So the amendment was adopted.

S. F. No. 1199 was then progressed.

SPECIAL ORDER

H. F. No. 389: A bill for an act relating to towns; removing certain levy limitations; amending Minnesota Statutes 1978, Section 164.041; repealing Minnesota Statutes 1978, Section 275.10.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Lessard	Perpich	Sillers
Ashbach	Frederick	Luther	Peterson	Spear
Bang	Gearty	McCutcheon	Pillsbury	Staples
Benedict	Gunderson	Menning	Purfeerst	Stokowski
Bernhagen	Hughes	Merriam	Renneke	Strand
Brataas	Humphrey	Moe	Rued	Tennessee
Chmielewski	Jensen	Nelson	Schaaf	Ueland, A.
Coleman	Johnson	Nichols	Schmitz	Ulland, J.
Davies	Keefe, J.	Ogdahl	Setzepfandt	Vega
Dieterich	Kirchner	Olhoff	Sieloff	Wegener
Dunn	Laufenburger	Penny	Sikorski	Willet

So the bill passed and its title was agreed to.

The question recurred on S. F. No. 1199.

SPECIAL ORDER

S. F. No. 1199: A bill for an act relating to retirement; state employees; miscellaneous amendments to the state employees, highway patrol officers and unclassified employees retirement plans; authorizing the repayment of a refund by certain employees of the University of Minnesota at Duluth; amending Minnesota Statutes 1978, Sections 43.051, Subdivision 4; 352.03, Subdivisions 1 and 6; 352.113, Subdivisions 1, 4 and 6; 352.115, Subdivisions 8 and 9; 352.12, Subdivision 2; 352.15, Subdivision 1; 352.23; 352D.02, Subdivision 1; 352D.04, Subdivision 2; and 352D.05, Subdivisions 3 and 4; Laws 1975, Chapter 388, Section 1, as amended, and by adding a subdivision; repealing Minnesota Statutes 1978, Sections 352.115, Subdivision 13; 352B.29; 352D.03; and 352D.10.

Mr. Luther moved to amend S. F. No. 1199 as follows:

Page 17, delete Section 18 in its entirety

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

S. F. No. 1199 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 53 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Penny	Staples
Bang	Frederick	Knoll	Peterson	Strand
Benedict	Gunderson	Lessard	Purfeerst	Stumpf
Bernhagen	Hanson	Luther	Renneke	Tennessee
Brataas	Hughes	Menning	Rued	Ueland, A.
Chenoweth	Humphrey	Merriam	Schaaf	Ulland, J.
Chmielewski	Jensen	Moe	Schmitz	Vega
Coleman	Johnson	Nelson	Setzpfandt	Wegener
Davies	Keefe, J.	Nichols	Sieloff	Willet
Dieterich	Kirchner	Olhoft	Sikorski	
Dunn	Kleinbaum	Olson	Spear	

Those who voted in the negative were:

Ashbach	Knutson	Ogdahl	Sillers	Stokowski
Gearty	McCutcheon	Pillsbury		

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

SPECIAL ORDER

S. F. No. 1218: A bill for an act relating to Polk and Norman Counties; permitting the imposition of a tax on removing gravel; providing for its administration; providing a penalty.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Olson	Stokowski
Ashbach	Gunderson	Laufenburger	Penny	Strand
Bang	Hanson	Lessard	Pillsbury	Stumpf
Benedict	Hughes	Luther	Purfeerst	Tennessee
Bernhagen	Humphrey	McCutcheon	Renneke	Ueland, A.
Brataas	Jensen	Menning	Schaaf	Ulland, J.
Chmielewski	Johnson	Merriam	Schmitz	Vega
Coleman	Keefe, J.	Moe	Setzpfandt	Wegener
Davies	Kirchner	Nelson	Sieloff	Willet
Dieterich	Kleinbaum	Nichols	Sikorski	
Dunn	Knaak	Ogdahl	Spear	
Engler	Knoll	Olhoft	Staples	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1329: A bill for an act relating to aeronautics; providing representation for affected communities on airport zoning boards; regulating the process of airport zoning; directing the metropolitan airports commission to consider a certain alternative; amending

Minnesota Statutes 1978, Sections 360.061, Subdivision 3; 360.063, Subdivision 3; 360.065; and 473.608, by adding a subdivision.

Mr. Ulland, J. moved to amend H. F. No. 1329, as amended pursuant to Rule 49, adopted by the Senate May 7, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1212.)

Page 1, line 20, delete "a" and insert "the"

Page 1, line 21, strike everything after "commission"

Page 1, line 22, strike "first class" and insert "established and operated pursuant to chapter 473"

Page 2, line 14, after the period, insert "The request shall be made by certified mail to the governing body of each county and municipality in which an airport hazard area is located."

Page 3, line 6, delete everything after the period

Page 3, delete lines 7 to 9

Page 3, line 10, strike "fails" and insert a comma

Page 3, line 10, after "days" insert "of receiving a request from an owning or controlling municipality pursuant to clause (1), fails"

Page 3, line 12, after "or" insert "fails"

Page 3, line 13, strike everything after "board"

Page 3, line 14, strike everything before the second comma

Page 3, line 16, strike "all" and insert "the"

Page 3, line 16, strike "in"

Page 3, line 17, strike everything before the comma and insert "fail to join the board"

Page 4, line 6, strike "A" and insert "The"

Page 4, line 6, before the period insert "established and operated pursuant to chapter 473"

Page 4, line 7, strike "A" and insert "The"

Page 4, line 7, strike "may" and insert "shall"

Page 4, delete lines 11 to 15

Page 4, line 17, delete "Subdivision 1,"

Page 5, line 7, before "shall" insert "of a hearing"

Page 5, line 10, after the period, insert "Notice shall be given by mail at least 15 days before each hearing to any persons or municipalities that own land proposed to be included in safety zones A or B as provided in the rules of the department of transportation and to persons or municipalities that have previously

requested such notice from the authority. For the purpose of giving mailed notice, the authority may use any appropriate records to determine the names and addresses of owners. A copy of the notice and a list of the owners and addresses to which the notice was sent shall be attested to by the responsible person and shall be made a part of the records of the proceedings. The failure to give mailed notice to individual property owners, or defects in the notice shall not invalidate the proceedings, provided a bona fide attempt to comply with this subdivision has been made."

Page 5, after line 14, insert:

"Subd. 2. [REGULATIONS SUBMITTED TO COMMISSIONER.] Prior to the initial adopting any zoning of regulations for any airport hazard area under sections 360.011 to 360.076, the municipality, county, or joint airport zoning board which is to adopt the regulations shall submit its proposed regulations to the commissioner in order that he may determine whether it conforms to the minimum standards prescribed by him. He shall immediately examine such proposed regulations and report to the municipality, county, or joint airport zoning board his approval, or his objections, if any. If any objections are made by him on the ground that such regulations do not conform to the minimum standards prescribed by him for the class of airport involved, the municipality, county, or joint zoning board shall make such amendments as are necessary to meet such objections. The governing body of the municipality or county or the joint airport zoning board shall not hold its public meeting adopt the regulations or take other action until the proposed regulations are approved by the commissioner as conforming to such minimum standards. A copy of such regulations as adopted shall be filed with the county recorder in each county in which such zoned area is located.

Substantive rights existing prior to the passage of this subdivision and heretofore exercised shall not be affected by the filing of such regulations.

Sec. 4. Minnesota Statutes 1978, Section 473.608, is amended by adding a subdivision to read:

Subd. 21. The corporation shall establish one joint airport zoning board for each airport operated under its authority in accordance with section 360.063, subdivision 3, clause (5). Notwithstanding the provisions of section 360.065, subdivision 1, mailed notice to property owners is not required for hearings concerning adoption of zoning regulations by a joint airport zoning board for Minneapolis-St. Paul International Airport.

Sec. 5. *In assessing the need for the establishment of a new airport in the metropolitan area, as defined in section 473.121, the metropolitan airports commission shall consider the city of St. Cloud municipal airport as a possible site and shall report to the metropolitan council any amendments to the aviation chapter of the metropolitan development guide which would be necessary to implement the St. Cloud site."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete everything after the semicolon

Page 1, line 7, delete "expenditures" and insert "requiring the metropolitan airports commission to establish separate zoning boards for each airport under its control"

Page 1, line 9, after the semicolon, insert "requiring the metropolitan airports commission to consider the St. Cloud municipal airport as the site of an additional airport;"

Page 1, line 11, delete "and"

Page 1, line 11, delete ", Subdivision 1" and insert "; and 473.-608, by adding a subdivision"

The motion prevailed. So the amendment was adopted.

H. F. No. 1329 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Perpich	Spear
Ashbach	Gunderson	Laufenburger	Peterson	Staples
Bang	Hanson	Lessard	Pillsbury	Stokowski
Benedict	Hughes	Luther	Purfeerst	Strand
Bernhagen	Humphrey	McCutcheon	Renneke	Stumpf
Brataas	Johnson	Menning	Schaaf	Tennessee
Chenoweth	Keefe, J.	Merriam	Schmitz	Ulland, J.
Davies	Kirchner	Moe	Setzepfandt	Vega
Dieterich	Kleinbaum	Nelson	Sieloff	Willet
Dunn	Knaak	Nichols	Sikorski	
Engler	Knoll	Ogdahl	Solon	

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

SPECIAL ORDER

H. F. No. 627: A bill for an act relating to natural resources; authorizing cities to acquire conservation easements; amending Minnesota Statutes 1978, Sections 84.64, Subdivision 1; and 84.65, Subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Penny	Sillers
Ashbach	Gunderson	Laufenburger	Perpich	Spear
Bang	Hanson	Lessard	Peterson	Staples
Benedict	Hughes	Luther	Pillsbury	Stokowski
Bernhagen	Humphrey	McCutcheon	Purfeerst	Strand
Brataas	Johnson	Menning	Renneke	Stumpf
Chenoweth	Keefe, J.	Merriam	Schaaf	Tennessee
Davies	Kirchner	Moe	Schmitz	Ueland, A.
Dieterich	Kleinbaum	Nelson	Setzepfandt	Ulland, J.
Dunn	Knaak	Nichols	Sieloff	Vega
Engler	Knoll	Ogdahl	Sikorski	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 31: A bill for an act relating to taconite and semi-taconite companies; withdrawing the right to exercise eminent domain; authorizing the grant of licenses, permits and leases of state owned land; amending Minnesota Statutes 1978, Section 117.47; repealing Minnesota Statutes 1978, Sections 117.46; and 117.461.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Luther	Purfeerst	Strand
Bang	Hughes	McCutcheon	Renneke	Stumpf
Benedict	Humphrey	Menning	Schaaf	Tennessee
Bernhagen	Johnson	Merriam	Schmitz	Ueland, A.
Brataas	Keefe, J.	Moe	Setzepfandt	Ulland, J.
Chenoweth	Keefe, S.	Nelson	Sieloff	Vega
Coleman	Kleinbaum	Nichols	Sikorski	Wegener
Davies	Knaak	Ogdahl	Sillers	Willet
Dieterich	Knoll	Penny	Solon	
Engler	Knutson	Perpich	Spear	
Gearty	Laufenburger	Peterson	Staples	
Gunderson	Lessard	Pillsbury	Stokowski	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 623: A bill for an act relating to state lands; providing for the conveyance of state land to the city of St. Cloud for use as a fire station.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Benedict	Chenoweth	Dunn	Gunderson
Ashbach	Bernhagen	Coleman	Engler	Hanson
Bang	Brataas	Dieterich	Gearty	Hughes

Humphrey	Knutson	Ogdahl	Schmitz	Strand
Johnson	Laufenburger	Perpich	Setzepfandt	Stumpf
Keefe, J.	Lessard	Peterson	Sieloff	Ueland, A.
Keefe, S.	Luther	Pillsbury	Sikorski	Ulland, J.
Kirchner	McCutcheon	Purfeerst	Sillers	Vega
Kleinbaum	Menning	Renneke	Spear	Wegener
Knaak	Moe	Rued	Staples	Willet
Knoll	Nelson	Schaaf	Stokowski	

Messrs. Davies and Merriam voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 728: A bill for an act relating to education; allowing not more than ten days used by kindergarten teachers for parent-teacher conferences or teachers' workshops to count as part of the required minimum number of days school is in session; amending Minnesota Statutes 1978, Section 124.19, Subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Luther	Purfeerst	Strand
Ashbach	Hanson	McCutcheon	Renneke	Stumpf
Bang	Hughes	Menning	Rued	Tennessen
Benedict	Humphrey	Merriam	Schaaf	Ueland, A.
Bernhagen	Johnson	Moe	Schmitz	Ulland, J.
Brataas	Keefe, J.	Nelson	Sieloff	Vega
Chenoweth	Keefe, S.	Nichols	Sikorski	Wegener
Coleman	Kirchner	Ogdahl	Sillers	Willet
Davies	Kleinbaum	Penny	Solon	
Dunn	Knaak	Perpich	Spear	
Engler	Laufenburger	Peterson	Staples	
Gearty	Lessard	Pillsbury	Stokowski	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 325: A bill for an act relating to township mutual fire insurance companies; authorizing indemnification of certain expenses incurred by officers, employees, agents and other individuals; amending Minnesota Statutes 1978, Section 67A.06.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Bernhagen	Davies	Gearty	Johnson
Ashbach	Brataas	Dieterich	Gunderson	Keefe, S.
Bang	Chenoweth	Dunn	Hanson	Kirchner
Benedict	Chmielewski	Engler	Hughes	Knaak

Knoll	Moe	Pillsbury	Sieloff	Stumpf
Laufenburger	Nelson	Purfeerst	Sikorski	Tennessee
Lessard	Nichols	Renneke	Sillers	Ueland, A.
Luther	Ogdahl	Rued	Solon	Ulland, J.
McCutcheon	Penny	Schaaf	Spear	Vega
Menning	Perpich	Schmitz	Stokowski	Wegener
Merriam	Peterson	Setzepfandt	Strand	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 642: A bill for an act relating to commerce; providing attendant services at certain gasoline stations.

Mr. Solon moved to amend H. F. No. 642 as follows:

Page 1, line 10, delete "cars" and insert "vehicles"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H. F. No. 642 as follows:

Page 1, line 8, delete "shall" and insert "should"

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

Mr. Luther moved to amend H. F. No. 642 as follows:

Page 1, line 11, before the period, insert "when the vehicle is occupied by a handicapped person"

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

H. F. No. 642 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 41 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laufenburger	Schmitz	Tennessee
Benedict	Hughes	Luther	Setzepfandt	Ueland, A.
Bernhagen	Humphrey	Moe	Sikorski	Vega
Chmielewski	Johnson	Nelson	Solon	Wegener
Davies	Keefe, J.	Olhoft	Spear	Willet
Dieterich	Keefe, S.	Penny	Staples	
Dunn	Kleinbaum	Peterson	Stokowski	
Engler	Knoll	Purfeerst	Strand	
Gunderson	Knutson	Schaaf	Stumpf	

Those who voted in the negative were:

Bang	McCutcheon	Ogdahl	Sieloff	Sillers
Knaak	Merriam	Rued		

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

SPECIAL ORDER

H. F. No. 183: A bill for an act relating to pollution control; authorizing the pollution control agency to assist small businesses;

amending Minnesota Statutes 1978, Section 115.03, by adding subdivisions; and 474.03.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Lessard	Purfeerst	Stokowski
Ashbach	Hanson	Luther	Renneke	Strand
Bang	Hughes	McCutcheon	Rued	Stumpf
Benedict	Johnson	Menning	Schaaf	Tennessee
Bernhagen	Keefe, J.	Merriam	Schmitz	Ueland, A.
Brataas	Keefe, S.	Moe	Setzepfandt	Ulland, J.
Chmielewski	Kirchner	Nelson	Sieloff	Vega
Davies	Kleinbaum	Ogdahl	Sikorski	Willet
Dieterich	Knaak	Olhoft	Sillers	
Dunn	Knoll	Penny	Solon	
Engler	Knutson	Peterson	Spear	
Gearty	Laufenburger	Pillsbury	Staples	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 220: A bill for an act relating to prearranged funeral plans; authorizing deposit of trust funds in credit unions; amending Minnesota Statutes 1978, Sections 52.04, Subdivision 1; 149.12; and 149.13.

Mr. Laufenburger moved to amend H. F. No. 220 as follows:

Page 4, after line 31, insert:

"Sec. 2. Minnesota Statutes 1978, Section 52.09, Subdivision 2, is amended to read:

Subd. 2. [PARTICULAR DUTIES.] It shall be the duty of the directors to have general management of the affairs of the credit union, particularly:

(1) To act on applications for membership, provided that this power may be delegated to a membership chairman who shall serve at the pleasure of the board of directors and subject to its rules, however such application shall contain a certification signed by the membership chairman or a member of the board showing the basis of membership;

(2) To determine interest rates on loans and on deposits. The interest period on deposits may be on a daily, monthly, quarterly, semi-annual or annual basis, and may be paid on all deposits whether or not said deposits have been withdrawn during the interest period. Interest may be computed on a daily basis. At the discretion of the board of directors interest may not be paid on deposit accounts of less than \$10;

(3) To fix the amount of the surety bond which shall be required of all officers and employees handling money;

(4) To declare dividends, and to transmit to the members, recommended amendments to the bylaws;

(5) To fill vacancies in the board and in the credit committee until successors are chosen and qualify at the next annual meeting;

(6) To limit the number of shares and deposits which may be owned by a member, not to exceed 10 percent of the outstanding shares and deposits, or \$2,000, whichever is larger, and the maximum individual loan which can be made with and without security, including liability indirectly as a co-maker, guarantor, or endorser to 10 percent of outstanding shares and deposits; provided, however, that the 10 percent share and deposit limitation shall not be applicable to the Minnesota Central Credit Union, or to credit unions insured by the National Credit Union Administration;

(7) To have charge of investments other than loans to members;

(8) To fix the salaries of the treasurer and other employees, which shall be on fixed monthly or annual basis, in dollars (not percentage);

(9) To designate the bank or banks in which the funds of the credit union shall be deposited;

(10) To authorize the officers of the credit union to borrow money from any source, ~~in a total sum which shall not exceed in the aggregate 40 percent of its unimpaired assets as provided in section 52.15;~~

(11) With the permission of the commissioner of banks to suspend any member or members of the credit committees or supervisory committee if it deems such action to be necessary to the proper conduct of the credit union, and to call the members together to act on the suspension within a reasonable time after the suspension. The members at the meeting may, by majority vote of those present, sustain the suspension and remove the committee members permanently or may reinstate the committee members; and

(12) To provide financial assistance to the supervisory committee in carrying out its audit responsibilities.

Sec. 3. Minnesota Statutes 1978, Section 52.15, is amended to read:

52.15 [BORROWING, LIMITATION.] *Subdivision 1.* A credit union may borrow from any source, or sources, sums which shall not exceed in the aggregate 40 percent of its unimpaired assets. *For the purpose of this subdivision, "unimpaired assets" mean total assets less borrowings, including all forms of indebtedness, accounts payable, and any amount by which reserves and undivided earnings will not be adequate to meet the reserve requirements caused by classified assets.*

Subd. 2. *Notwithstanding the provisions of subdivision 1, a credit union, with the prior written approval of the commissioner of banks, may borrow additional sums to meet its liquidity needs.*

For purposes of this subdivision, "liquidity needs" mean the needs of a credit union for:

(a) Short-term adjustment credit to cushion deposit or share outflows pending an orderly adjustment of assets and liabilities;

(b) Seasonal needs arising from a combination of expected patterns of movement in share and deposit accounts and loans; and

(c) Protracted adjustment needs in the event of unusual or emergency circumstances of a longer-term nature resulting from national, regional or local difficulties."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "relating to state credit unions; clarifying borrowing limitations;"

Page 1, line 5, after "1;" insert "52.09, Subdivision 2; 52.15;"

The motion prevailed. So the amendment was adopted.

H. F. No. 220 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Penny	Sillers
Ashbach	Gunderson	Laufenburger	Peterson	Solon
Bang	Hanson	Lessard	Pillsbury	Spear
Benedict	Hughes	Luther	Purfeerst	Stokowski
Bernhagen	Johnson	McCutcheon	Renneke	Strand
Brataas	Keefe, J.	Menning	Rued	Stumpf
Chmielewski	Keefe, S.	Merriam	Schaaf	Ueland, A.
Davies	Kirchner	Moe	Schmitz	Ulland, J.
Dieterich	Kleinbaum	Nelson	Setzepfandt	Vega
Dunn	Knaak	Ogdahl	Sieloff	Wegener
Engler	Knoll	Olhoft	Sikorski	Willet

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

SPECIAL ORDER

H. F. No. 60: A bill for an act relating to natural resources; modifying certain trespass laws; amending Minnesota Statutes 1978, Section 100.273, Subdivision 1.

Mr. Purfeerst moved to amend H. F. No. 60, the unofficial engrossment, as follows:

Page 1, line 18, delete "intentionally"

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

Mr. Ulland, J. moved to amend H. F. No. 60, the unofficial engrossment, as follows:

Page 2, after line 25, insert:

“Sec. 5. Minnesota Statutes 1978, Section 100.273, Subdivision 7, is amended to read:

Subd. 7. In taking raccoon, when treed on private land with the aid of dogs, a person while on foot may, without permission of the landowner, enter such private land to retrieve any dogs and then shall immediately leave the premises. *During the season for taking big game, a hunter may pursue a wounded big game animal onto the private land of another for the purpose of taking that animal and shall then leave the private land as soon as possible.*”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after “5” insert “, 7”

The motion prevailed. So the amendment was adopted.

Mr. Luther moved to amend H. F. No. 60, the unofficial engrossment, as follows:

Page 1, line 12, after “lands” insert “*surrounded by fences used for*”

Page 1, line 13, reinstate “enclosing domestic livestock”

Page 1, lines 14 and 15, delete the new language

The motion prevailed. So the amendment was adopted.

Mr. Peterson moved to amend H. F. No. 60, the unofficial engrossment, as follows:

Page 2, line 29, reinstate “upon a person’s”

Page 2, line 29, reinstate “conviction for”

Page 2, reinstate lines 30 to 33

Page 3, line 1, reinstate everything before “Except”

The motion prevailed. So the amendment was adopted.

H. F. No. 60 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 46 and nays 12, as follows:

Those who voted in the affirmative were:

Anderson	Davies	Hanson	Kleinbaum	Moe
Benedict	Dunn	Hughes	Laufenburger	Nelson
Chenoweth	Engler	Humphrey	Lessard	Nichols
Chmielewski	Gearty	Keefe, S.	Luther	Olhoff
Coleman	Gunderson	Kirchner	Menning	Olson

Penny	Schaaf	Sillers	Strand	Willet
Peterson	Schmitz	Solon	Stumpf	Ulland, J.
Pillsbury	Setzepfandt	Spear	Tennessee	Vega
Purfeerst	Sikorski	Stokowski	Ueland, A.	Wegener
Renneke				

Those who voted in the negative were:

Ashbach	Frederick	McCutcheon	Perpich	Sieloff
Bernhagen	Johnson	Merriam	Rued	Staples
Brataas	Keefe, J.			

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

RECESS

Mr. Coleman moved that the Senate do now recess until 7:30 o'clock p.m. The motion prevailed.

The hour of 7:30 o'clock p.m. having arrived, the President called the Senate to order.

MEMBERS EXCUSED

Messrs. Jensen, Lessard, Nichols, Pillsbury, Willet and Wegener were excused from this evening's Session. Mr. Humphrey was excused from the Session of today until 9:30 o'clock p.m. Messrs. Keefe, J. and Purfeerst were excused from this evening's Session at 10:00 o'clock p.m. Mr. Kleinbaum was excused from this evening's Session at 10:45 o'clock p.m. Messrs. Hughes and Solon were excused from this evening's Session at 11:00 o'clock p.m.

CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate. The following Senators answered to their names:

Anderson	Engler	Menning	Purfeerst	Spear
Benedict	Gearty	Merriam	Rued	Staples
Chenoweth	Hughes	Nelson	Schaaf	Stokowski
Chmielewski	Kirchner	Olhoff	Schmitz	Ueland, A.
Coleman	Knaak	Penny	Sieloff	Ulland, J.
Davies	Laufenburger	Perpich	Sikorski	Vega
Dieterich	Luther	Peterson	Sillers	Willet

The Sergeant at Arms was instructed to bring in the absent members.

SPECIAL ORDER

H. F. No. 1444: A bill for an act relating to the cities of McGregor and Heron Lake; authorizing the issuance of bonds for the acquisition and betterment of a municipal fire hall and community center; legalizing proceedings precedent to the issuance of certain general obligation bonds and excluding the bonds from the computation of net debt.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 40 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Menning	Renneke	Staples
Benedict	Hanson	Moe	Rued	Stokowski
Chenoweth	Hughes	Nelson	Schaaf	Strand
Coleman	Kirchner	Olhoft	Schmitz	Tennessee
Davies	Knaak	Penny	Sieloff	Ueland, A.
Dieterich	Knoll	Perpich	Sikorski	Ulland, J.
Engler	Laufenburger	Peterson	Sillers	Vega
Frederick	Luther	Purfeerst	Spear	Willet

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Dieterich moved that H. F. No. 1386 be recalled from the House for further consideration. The motion prevailed.

Mr. Dieterich moved that S. F. No. 830 be taken from the table. The motion prevailed.

S. F. No. 830: A bill for an act relating to education; requiring the state board for vocational education and the higher education coordinating board to review a new program for an area vocational-technical institute within a time limit; amending Minnesota Statutes 1978, Chapter 121, by adding a section; and Section 136A.04.

CONCURRENCE AND REPASSAGE

Mr. Dieterich moved that the Senate concur in the amendments by the House to S. F. No. 830 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 830 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Menning	Rued	Stokowski
Benedict	Gearty	Merriam	Schaaf	Strand
Bernhagen	Gunderson	Moe	Schmitz	Tennessee
Chenoweth	Hanson	Nelson	Setzepfandt	Ueland, A.
Chmielewski	Hughes	Olhoft	Sieloff	Ulland, J.
Coleman	Johnson	Penny	Sikorski	Vega
Davies	Kirchner	Perpich	Sillers	Willet
Dieterich	Kleinbaum	Peterson	Solon	
Dunn	Laufenburger	Purfeerst	Spear	
Engler	Luther	Renneke	Staples	

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

SPECIAL ORDER

H. F. No. 988: A bill for an act relating to banks; altering certain definitions and time limits; amending Minnesota Statutes 1978, Sections 47.51; and 47.54.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 41 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Luther	Rued	Staples
Benedict	Gunderson	Menning	Schaaf	Stokowski
Bernhagen	Hanson	Merriam	Schmitz	Tennessee
Chenoweth	Hughes	Moe	Setzepfandt	Ulland, J.
Coleman	Johnson	Nelson	Sieloff	Vega
Dieterich	Kleinbaum	Olhoft	Sikorski	
Dunn	Knaak	Olson	Sillers	
Engler	Knoll	Peterson	Solon	
Frederick	Laufenburger	Purfeerst	Spear	

Those who voted in the negative were:

Penny	Renneke	Strand	Ueland, A.	Willet
Perpich				

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 792: A bill for an act relating to claims against the state; providing for claims arising out of various restitution programs to be heard by the legislature; amending Minnesota Statutes 1978, Section 3.738, Subdivision 1.

Mr. Sikorski moved to amend H. F. No. 792, as amended pursuant to Rule 49, adopted by the Senate May 2, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1098.)

Page 1, line 11, delete “, INMATE,”

Page 1, line 12, delete “CONDITIONALLY RELEASED”

Page 1, lines 14 to 16, delete the new language

Page 1, lines 19 to 23, delete the new language

Page 2, delete lines 1 and 2

Page 2, lines 3 and 4, reinstate the stricken language

Page 2, lines 4 to 13, delete the new language

Page 2, after line 13, insert:

“Sec. 2. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.739] [INJURY OR DEATH OF CONDITIONALLY RELEASED INMATE.] *Subdivision 1.* [LEGISLATIVE AUTHORITY.] *Claims and demands arising out of the circumstances described in this subdivision shall be presented to, heard, and determined by the legislature:*

(1) *An injury to or death of an inmate who has been conditionally released from a state correctional facility and ordered to perform uncompensated work for a state agency, a political subdivision or public corporation of this state, or a nonprofit educational, medical, or social service agency, as a condition of his release, while performing the work;*

(2) *An injury to or death of a person who has been placed on probation by a court and who is performing work in restitution pursuant to court order; or*

(3) *An injury to or death of a person, including a juvenile who has been diverted from the court system and who is performing work in restitution pursuant to a written agreement signed by himself, and if a juvenile, by his parent or guardian.*

Subd. 2. [EVALUATION OF CLAIMS.] Claims arising out of this section shall be paid pursuant to legislative appropriation following evaluation of each claim by the appropriate committees of the senate and house of representatives. Compensation will not be paid for pain and suffering.

Subd. 3. [EXCLUSIVE REMEDY.] The procedure established by this section is exclusive of all other legal, equitable and statutory remedies against the state, its political subdivisions, or any employees thereof."

Amend the title as follows:

Page 1, line 6, before the period, insert "; and Chapter 3, by adding a section"

The motion prevailed. So the amendment was adopted.

Mr. Sikorski then moved to amend H. F. No. 792, as amended pursuant to Rule 49, adopted by the Senate May 2, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1098.)

Page 2, after line 13, insert:

"Sec. 3. [EFFECTIVE DATE.] This act is effective the day following final enactment."

The motion prevailed. So the amendment was adopted.

H. F. No. 792 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Dunn	Gunderson	Kirchner
Benedict	Coleman	Engler	Hanson	Kleinbaum
Bernhagen	Davies	Frederick	Hughes	Knoll
Chenoweth	Dieterich	Gearty	Johnson	Laufenburger

Luther	Olson	Schaaf	Spear	Ulland, J.
McCutcheon	Penny	Schmitz	Staples	Vega
Menning	Perpich	Setzepfandt	Stokowski	Willet
Merriam	Peterson	Sieloff	Strand	
Moe	Purfeerst	Sikorski	Stumpf	
Nelson	Renneke	Sillers	Tennessee	
Olhoff	Rued	Solon	Ueland, A.	

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

SPECIAL ORDER

H. F. No. 1029: A bill for an act relating to employments licensed by the state; prescribing certain duties of the board of architecture, engineering, land surveying and landscape architecture; limiting certain rule making powers of the board, and extending the time limit for the making of the rules; amending Minnesota Statutes 1978, Section 326.06.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Laufenburger	Purfeerst	Stokowski
Bang	Frederick	Luther	Rued	Strand
Benedict	Gearty	McCutcheon	Schaaf	Stumpf
Bernhagen	Gunderson	Menning	Schmitz	Tennessee
Brataas	Hanson	Merriam	Setzepfandt	Ulland, A.
Chenoweth	Hughes	Nelson	Sieloff	Ulland, J.
Chmielewski	Johnson	Olhoff	Sikorski	Vega
Coleman	Keefe, J.	Olson	Sillers	Willet
Davies	Kleinbaum	Penny	Solon	
Dieterich	Knoll	Perpich	Spear	
Dunn	Knutson	Peterson	Staples	

So the bill passed and its title was agreed to.

The question recurred on H. F. No. 361.

SPECIAL ORDER

H. F. No. 361: A bill for an act relating to public contracts; providing for progress payments; authorizing alternative means of securing full performance; amending Minnesota Statutes 1978, Sections 161.322; 162.04; 162.10; and 429.041, Subdivision 6.

Mr. Knoll moved to amend H. F. No. 361 as follows:

Page 2, lines 26 to 32, delete Subdivision 2

Renumber the subdivisions in sequence

The motion prevailed. So the amendment was adopted.

Mr. Dieterich moved to amend H. F. No. 361 as follows:

Page 2, line 17, delete "five" and insert "ten"

Page 4, line 31, delete the new language and reinstate the stricken language

Page 5, line 2, delete the new language and reinstate the stricken language

Page 5, line 33, delete the new language and reinstate the stricken language

Page 6, line 4, delete the new language and reinstate the stricken language

Page 6, line 32, delete the new language and reinstate the stricken language

Page 7, line 3, delete the new language and reinstate the stricken language

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 30, as follows:

Those who voted in the affirmative were:

Anderson	Garty	Merriam	Sikorski	Stumpf
Chenoweth	Johnson	Olhoft	Spear	Tennessee
Davies	Luther	Penny	Staples	
Dieterich	Menning	Setzepfandt	Strand	

Those who voted in the negative were:

Ashbach	Engler	McCutcheon	Renneke	Solon
Bang	Gunderson	Nelson	Rued	Stokowski
Bernhagen	Kleinbaum	Olson	Schaaf	Ueland, A.
Brataas	Knoll	Perpich	Schmitz	Ulland, J.
Chmielewski	Knutson	Peterson	Sieloff	Vega
Dunn	Laufenburger	Purfeerst	Sillers	Willet

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

H. F. No. 361 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 29 and nays 21, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Kleinbaum	Renneke	Staples
Bang	Frederick	Knaak	Rued	Stokowski
Bernhagen	Garty	Knutson	Schaaf	Ulland, J.
Brataas	Gunderson	Laufenburger	Schmitz	Vega
Chmielewski	Keefe, J.	Moe	Sikorski	Willet
Dunn	Kirchner	Peterson	Solon	

Those who voted in the negative were:

Anderson	Knoll	Olhoft	Sieloff	Tennessee
Davies	Luther	Olson	Sillers	
Dieterich	McCutcheon	Penny	Spear	
Hughes	Menning	Perpich	Strand	
Johnson	Merriam	Setzepfandt	Stumpf	

So the bill failed to pass.

SPECIAL ORDER

H. F. No. 656: A bill for an act relating to probate; clarifying certain witness requirements for inheritance by illegitimates; amending Minnesota Statutes 1978, Section 525.172.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Knutson	Perpich	Solon
Ashbach	Engler	Laufenburger	Peterson	Spear
Bang	Frederick	Luther	Purfeerst	Staples
Benedict	Gearty	McCutcheon	Renneke	Stokowski
Bernhagen	Gunderson	Menning	Rued	Strand
Brataas	Hughes	Merriam	Schaaf	Stumpf
Chenoweth	Johnson	Moe	Schmitz	Tennessee
Chmielewski	Keefe, J.	Nelson	Setzepfandt	Ueland, A.
Coleman	Kirchner	Olhoff	Sieloff	Ulland, J.
Davies	Kleinbaum	Olson	Sikorski	Vega
Dieterich	Knaak	Penny	Sillers	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1033: A bill for an act relating to wrongful death; a clarification of the time limitations for maintaining an action for death by intentional wrongful act where the act responsible for the death constitutes the crime of murder; amending Minnesota Statutes 1978, Section 573.02, Subdivision 1.

Mr. Sieloff moved to amend H. F. No. 1033 as follows:

Page 2, line 1, after "*murder*" insert "*when the defendant has been convicted of murder*"

The motion prevailed. So the amendment was adopted.

H. F. No. 1033 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 50 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Perpich	Solon
Bang	Frederick	Knutson	Peterson	Spear
Benedict	Gearty	Laufenburger	Purfeerst	Staples
Bernhagen	Gunderson	Luther	Renneke	Stokowski
Brataas	Hanson	Menning	Rued	Strand
Chenoweth	Hughes	Merriam	Schaaf	Stumpf
Chmielewski	Johnson	Moe	Schmitz	Tennessee
Davies	Kirchner	Nelson	Setzepfandt	Ueland, A.
Dieterich	Kleinbaum	Olson	Sikorski	Ulland, J.
Dunn	Knaak	Penny	Sillers	Willet

Messrs. Keefe, J. and Sieloff voted in the negative.

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

SPECIAL ORDER

H. F. No. 606: A bill for an act relating to controlled substances; amending the definition of Cannabis; amending certain schedules; adding the precursors of phencyclidine; amending Minnesota Statutes 1978, Sections 152.01, Subdivision 9; and 152.02, Subdivisions 2, 3 and 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Laufenburger	Peterson	Spear
Ashbach	Frederick	Luther	Purfeerst	Staples
Bang	Gearty	McCutcheon	Renneke	Stokowski
Benedict	Gunderson	Menning	Rued	Strand
Bernhagen	Hanson	Merriam	Schaaf	Stumpf
Brataas	Johnson	Moe	Schmitz	Tennessee
Chenoweth	Keefe, J.	Nelson	Setzepfandt	Ueland, A.
Chmielewski	Kirchner	Olhoff	Sieloff	Ulland, J.
Davies	Knaak	Olson	Sikorski	Willet
Dieterich	Knoll	Penny	Sillers	
Dunn	Knutson	Perpich	Solon	

Mr. Kleinbaum voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1245: A bill for an act relating to crime victims reparations; providing that the record of a claim may be used as evidence by the state on its subrogation claim; providing that the state's right of subrogation shall not limit the claimant's right to recover for other damages; amending Minnesota Statutes 1978, Sections 299B.10; and 299B.14.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Davies	Johnson	Luther	Penny
Ashbach	Dieterich	Keefe, J.	McCutcheon	Perpich
Bang	Dunn	Keefe, S.	Menning	Peterson
Benedict	Engler	Kirchner	Merriam	Renneke
Bernhagen	Frederick	Kleinbaum	Moe	Rued
Brataas	Gearty	Knaak	Nelson	Schaaf
Chenoweth	Gunderson	Knutson	Olhoff	Schmitz
Chmielewski	Hughes	Laufenburger	Olson	Setzepfandt

Sieloff	Solon	Stokowski	Tennessee	Willet
Sikorski	Spear	Strand	Ueland, A.	
Sillers	Staples	Stumpf	Ulland, J.	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1256: A bill for an act relating to fire insurance; repealing certain requirements for examination and appraisal of insured structures; repealing Minnesota Statutes 1978, Section 65A.08, Subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Penny	Solon
Ashbach	Frederick	Knoll	Perpich	Spear
Bang	Gearty	Knutson	Peterson	Staples
Benedict	Gunderson	Laufenburger	Purfeerst	Stokowski
Bernhagen	Hanson	Luther	Renneke	Strand
Brataas	Hughes	McCutcheon	Rued	Stumpf
Chenoweth	Johnson	Menning	Schaaf	Tennessee
Chmielewski	Keefe, J.	Moe	Schmitz	Ueland, A.
Davies	Keefe, S.	Nelson	Sieloff	Ulland, J.
Dieterich	Kirchner	Olhoft	Sikorski	Willet
Dunn	Kleinbaum	Olson	Sillers	

Mr. Setzepfandt voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1377: A bill for an act relating to financial institutions; providing intervals for examination of institutions by state or federal agencies; amending Minnesota Statutes 1978, Section 46.04.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Peterson	Spear
Ashbach	Frederick	Knutson	Purfeerst	Staples
Bang	Gearty	Laufenburger	Renneke	Stokowski
Benedict	Gunderson	Luther	Rued	Strand
Bernhagen	Hanson	Menning	Schaaf	Stumpf
Brataas	Hughes	Moe	Schmitz	Tennessee
Chenoweth	Johnson	Nelson	Setzepfandt	Ueland, A.
Chmielewski	Keefe, J.	Olhoft	Sieloff	Ulland, J.
Davies	Kirchner	Olson	Sikorski	Willet
Dieterich	Kleinbaum	Penny	Sillers	
Dunn	Knaak	Perpich	Solon	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 214: A bill for an act relating to taxation; excise tax on intoxicating liquor and malt beverages; providing for a refund of taxes paid if product is destroyed upon an agency order; appropriating money; amending Minnesota Statutes 1978, Chapter 340, by adding a section.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knutson	Purfeerst	Staples
Ashbach	Frederick	Laufenburger	Renneke	Stokowski
Bang	Gearty	Luther	Rued	Strand
Benedict	Hanson	Menning	Schaaf	Stumpf
Bernhagen	Hughes	Merriam	Schmitz	Tennessee
Brataas	Johnson	Moe	Setzepfandt	Ueland, A.
Chenoweth	Keefe, J.	Nelson	Sieloff	Ulland, J.
Chmielewski	Kirchner	Olhoft	Sikorski	Willet
Davies	Kleinbaum	Penny	Sillers	
Dieterich	Knaak	Perpich	Solon	
Dunn	Knoll	Peterson	Spear	

Mr. Gunderson voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1251: A bill for an act relating to public welfare; prohibiting denial or reduction of benefits under certain private health care plans to public assistance recipients; providing subrogation rights for counties to recover costs of services provided; amending Minnesota Statutes 1978, Sections 62A.045; 62C.141; 62E.04, Subdivision 8; 64A.221; and Chapter 393, by adding a section.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Knaak	Purfeerst	Spear
Bang	Gearty	Knoll	Renneke	Staples
Benedict	Gunderson	Luther	Rued	Stokowski
Bernhagen	Hanson	Menning	Schaaf	Strand
Chenoweth	Hughes	Merriam	Schmitz	Stumpf
Chmielewski	Johnson	Moe	Setzepfandt	Tennessee
Davies	Keefe, J.	Olhoft	Sieloff	Ueland, A.
Dieterich	Keefe, S.	Penny	Sikorski	Ulland, J.
Dunn	Kirchner	Perpich	Sillers	Willet
Engler	Kleinbaum	Peterson	Solon	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 936: A bill for an act relating to education; expanding a definition of "American Indian child"; amending Minnesota Statutes 1978, Sections 126.47, Subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Peterson	Spear
Ashbach	Frederick	Knoll	Purfeerst	Staples
Bang	Garty	Knutson	Renneke	Stokowski
Benedict	Gunderson	Luther	Rued	Strand
Bernhagen	Hanson	Menning	Schaaf	Stumpf
Brataas	Hughes	Merriam	Schmitz	Tennesen
Chenoweth	Johnson	Moe	Setzepfandt	Ueland, A.
Chmielewski	Keefe, J.	Olhoff	Sieloff	Ulland, J.
Davies	Keefe, S.	Olson	Sikorski	Vega
Dieterich	Kirchner	Penny	Sillers	Willet
Dunn	Kleinbaum	Perpich	Solon	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 976: A bill for an act relating to bingo; raising the compensation allowed persons conducting a bingo occasion; amending Minnesota Statutes 1978, Section 349.17, Subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 48 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knutson	Peterson	Staples
Ashbach	Frederick	Laufenburger	Purfeerst	Strand
Bang	Garty	Luther	Rued	Stumpf
Benedict	Hanson	Menning	Schaaf	Tennesen
Bernhagen	Hughes	Merriam	Schmitz	Ueland, A.
Brataas	Johnson	Moe	Setzepfandt	Ulland, J.
Chenoweth	Keefe, J.	Olhoff	Sikorski	Vega
Chmielewski	Keefe, S.	Olson	Sillers	Willet
Dieterich	Kirchner	Penny	Solon	
Dunn	Knaak	Perpich	Spear	

Messrs. Davies, Gunderson, Sieloff and Stokowski voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 227: A bill for an act relating to insurance; regulating homeowner's insurance; requiring insurers to disclose and file information; prescribing certain procedures for an insurer's refusal

to renew or to write homeowner's insurance; prohibiting redlining; amending Minnesota Statutes 1978, Section 72A.20, Subdivision 1; and Chapter 65A, by adding sections.

Mr. Tennesen moved to amend H. F. No. 227, as amended by the Committee on Commerce, adopted by the Senate May 3, 1979, as follows:

Section 3, Subdivision 1, delete "*this act*" and insert "*sections 2 to 4 and section 6, subdivision 13*"

The motion prevailed. So the amendment was adopted.

H. F. No. 227 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Renneke	Strand
Ashbach	Gunderson	Luther	Rued	Stumpf
Benedict	Hanson	Menning	Schaaf	Tennesen
Bernhagen	Hughes	Merriam	Setzepfandt	Ueland, A.
Brataas	Humphrey	Moe	Sieloff	Ulland, J.
Chenoweth	Johnson	Olhoft	Sikorski	Vega
Chmielewski	Keefe, J.	Olson	Sillers	Willet
Dieterich	Kirchner	Penny	Solon	
Dunn	Kleinbaum	Perpich	Spear	
Engler	Knaak	Peterson	Staples	
Frederick	Knoll	Purfeerst	Stokowski	

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

SPECIAL ORDER

H. F. No. 107: A bill for an act relating to constables; exempting certain constables from licensing requirements; amending Minnesota Statutes 1978, Section 367.41, Subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 48 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Peterson	Staples
Ashbach	Gearty	Knutson	Renneke	Stokowski
Bang	Gunderson	Laufenburger	Schaaf	Strand
Benedict	Hanson	Luther	Schmitz	Stumpf
Bernhagen	Hughes	McCutcheon	Setzepfandt	Tennesen
Chenoweth	Humphrey	Menning	Sieloff	Ulland, J.
Chmielewski	Johnson	Merriam	Sikorski	Vega
Davies	Kirchner	Moe	Sillers	Willet
Dieterich	Kleinbaum	Nelson	Solon	
Dunn	Knaak	Olhoft	Spear	

Those who voted in the negative were:

Brataas	Frederick	Keefe, J.	Penny	Perpich
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So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 370: A bill for an act relating to hospitals; providing for payment of election judges; providing hospital board members with travel and other expenses incurred in the performance of their duties; authorizing hospital boards to set compensation for board members; amending Minnesota Statutes 1978, Section 447.32, Subdivision 4, and by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Penny	Solon
Ashbach	Frederick	Knoll	Perpich	Spear
Bang	Gearty	Knutson	Peterson	Staples
Benedict	Gunderson	Laufenburger	Renneke	Stokowski
Bernhagen	Hanson	Luther	Rued	Strand
Brataas	Hughes	McCutcheon	Schaaf	Stumpf
Chenoweth	Humphrey	Menning	Schmitz	Tennessee
Chmielewski	Johnson	Merriam	Setzepfandt	Ulland, J.
Davies	Keefe, J.	Moe	Sieloff	Vega
Dieterich	Kirchner	Nelson	Sikorski	Willet
Dunn	Kleinbaum	Olhoft	Sillers	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 279: A bill for an act relating to the county of St. Louis; providing rights to suspend classified service employees; amending Laws 1941, Chapter 423, Section 22.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Peterson	Stokowski
Ashbach	Gunderson	Laufenburger	Renneke	Strand
Bang	Hanson	Luther	Rued	Stumpf
Benedict	Hughes	McCutcheon	Schaaf	Tennessee
Bernhagen	Humphrey	Menning	Schmitz	Ueland, A.
Brataas	Johnson	Merriam	Setzepfandt	Ulland, J.
Chenoweth	Keefe, S.	Moe	Sieloff	Vega
Chmielewski	Kirchner	Nelson	Sikorski	Willet
Dieterich	Kleinbaum	Olhoft	Sillers	
Dunn	Knaak	Penny	Solon	
Engler	Knoll	Perpich	Staples	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 253: A bill for an act relating to Washington County; authorizing the commissioner of public safety under certain cir-

cumstances to appoint an agent to assist the clerk of the district court in Washington County in accepting applications for drivers licenses and permits; repealing Minnesota Statutes 1978, Section 171.06, Subdivision 5.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Peterson	Staples
Ashbach	Gearty	Knutson	Renneke	Stokowski
Bang	Gunderson	Luther	Rued	Strand
Benedict	Hanson	McCutcheon	Schaaf	Stumpf
Bernbagen	Hughes	Menning	Schmitz	Tennessen
Brataas	Humphrey	Merriam	Setzepfandt	Ueland, A.
Chenoweth	Johnson	Moe	Sieloff	Ulland, J.
Chmielewski	Keefe, S.	Nelson	Sikorski	Vega
Davies	Kirchner	Olhoft	Sillers	Willet
Dieterich	Kleinbaum	Penny	Solon	
Dunn	Knaak	Perpich	Spear	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 499: A bill for an act relating to Lac qui Parle and Big Stone Counties; changing the boundary lines between the counties; amending Laws 1937, Chapter 423, Section 1, as amended.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Renneke	Stokowski
Ashbach	Gunderson	Laufenburger	Rued	Strand
Bang	Hanson	Luther	Schaaf	Stumpf
Benedict	Hughes	McCutcheon	Schmitz	Tennessen
Bernbagen	Humphrey	Menning	Setzepfandt	Ueland, A.
Chenoweth	Johnson	Merriam	Sieloff	Ulland, J.
Chmielewski	Keefe, S.	Nelson	Sikorski	Vega
Davies	Kirchner	Olhoft	Sillers	Willet
Dieterich	Kleinbaum	Penny	Solon	
Dunn	Knaak	Perpich	Spear	
Engler	Knoll	Peterson	Staples	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 357: A bill for an act relating to professional regulation; regulating architects, engineers, surveyors, and landscape architects; amending Minnesota Statutes 1978, Section 326.02, Subdivision 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Penny	Spear
Ashbach	Gearty	Knutson	Perpich	Staples
Bang	Gunderson	Laufenburger	Peterson	Stokowski
Benedict	Hanson	Luther	Renneke	Strand
Bernhagen	Hughes	McCutcheon	Rued	Stumpf
Chenoweth	Humphrey	Menning	Schaaf	Tennessee
Chmielewski	Keefe, S.	Merriam	Schmitz	Ueland, A.
Davies	Kirchner	Moe	Setzepfandt	Ulland, J.
Dieterich	Kleinbaum	Nelson	Sieloff	Vega
Dunn	Knaak	Olhoff	Sillers	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 813: A bill for an act relating to crimes; regulating dance halls; removing the limitation on persons under the age of 16; amending Minnesota Statutes 1978, Section 624.49.

Mr. Davies moved to amend H. F. No. 813 as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Section 624.49, is repealed.”

Amend the title as follows:

Page 1, line 3, after “on” insert “certain” and delete “under the age”

Page 1, line 4, delete everything before “Minnesota” and insert “; repealing”

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

H. F. No. 813 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	McCutcheon	Rued	Stumpf
Bang	Humphrey	Merriam	Schaaf	Tennessee
Benedict	Johnson	Moe	Setzepfandt	Ueland, A.
Chenoweth	Keefe, S.	Nelson	Sieloff	Ulland, J.
Davies	Kirchner	Olhoff	Sikorski	Vega
Dieterich	Kleinbaum	Olson	Sillers	Willet
Dunn	Knoll	Penny	Solon	
Engler	Knutson	Perpich	Staples	
Gunderson	Laufenburger	Peterson	Stokowski	
Hanson	Luther	Renneke	Strand	

Messrs. Bernhagen, Chmielewski, Gearty and Menning voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 677: A bill for an act relating to courts; providing for the interest rate on verdicts and judgments; amending Minnesota Statutes 1978, Sections 549.09 and 550.36.

Mr. Dieterich moved to amend H. F. No. 677, as amended by the Committee on Judiciary, adopted May 7, 1979, as follows:

Page 1, line 9, before "When" insert "*Subdivision 1.*"

Strike the committee amendment to page 1, line 12

Strike the committee amendment to page 1, line 22

Page 1, delete line 22 and insert "*reserve system stating the current average annual yield for the preceding ten weeks on United States treasury bills with one year maturities. This yield, rounded to the nearest one percent, shall be the annual interest rate during the succeeding calendar year; provided, however, that in no event shall the rate of interest be less than eight percent per annum. The state court administrator shall communicate the interest rate to the clerks of court for their use in computing the interest on verdicts.*"

Page 2, after line 3, insert:

"Subd. 2. During each calendar year, interest shall accrue on the unpaid balance of the judgment from the time that it is entered until it is paid, at the annual rate provided in subdivision 1."

Strike the committee amendment to page 3, after line 3, and insert:

"Sec. 3. This act applies to the balance of verdicts and judgments remaining unpaid after January 1, 1980."

The motion prevailed. So the amendment was adopted.

H. F. No. 677 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 47 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Laufenburger	Peterson	Strand
Bang	Gearty	Luther	Renneke	Stumpf
Benedict	Gunderson	McCutcheon	Rued	Tennessee
Bernhagen	Hughes	Menning	Schaaf	Ueland, A.
Brataas	Humphrey	Merriam	Setzepfandt	Ulland, J.
Chenoweth	Johnson	Nelson	Sieloff	Vega
Chmielewski	Keefe, S.	Olhoft	Sillers	Willet
Davies	Kirchner	Olson	Solon	
Dieterich	Kleinbaum	Penny	Staples	
Dunn	Knoll	Perpich	Stokowski	

Mr. Sikorski voted in the negative.

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

SPECIAL ORDER

H. F. No. 1065: A bill for an act relating to state government; regulating meetings, indemnification and appointment of the investment advisory council and annual reports of the state board of investment; amending Minnesota Statutes 1978, Sections 11.117, Subdivisions 4 and 6; 11.118 and 11.145.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 48 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Penny	Staples
Bang	Gearly	Knutson	Perpich	Stokowski
Benedict	Gunderson	Laufenburger	Peterson	Strand
Bernhagen	Hanson	Luther	Renneke	Tennessee
Brataas	Hughes	McCutcheon	Rued	Ueland, A.
Chenoweth	Humphrey	Menning	Schaaf	Ulland, J.
Chmielewski	Johnson	Merriam	Setzpfandt	Vega
Davies	Keefe, S.	Nelson	Sikorski	Willet
Dieterich	Kirchner	Olhoft	Sillers	
Dunn	Kleinbaum	Olson	Solon	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 749: A bill for an act relating to retirement; teachers retirement fund associations in cities of the first class; codification of a coordinated program for the Minneapolis and St. Paul teachers retirement fund associations; recodification of the law governing first class city teachers retirement fund associations; amending Minnesota Statutes 1978, Sections 354A.05; 354A.08; 354A.09; 354A.091; 354A.11; 354A.12; 354A.21; 356.32, Subdivision 2; and Chapter 354A by adding sections; repealing Minnesota Statutes 1978, Sections 354A.01; 354A.02; 354A.03; 354A.04; 354A.10; 354A.13; 354A.22; Laws 1976, Chapter 238, Section 12; and Laws 1977, Chapter 429, Section 60.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chenoweth	Engler	Humphrey	Knaak
Bang	Chmielewski	Gearly	Johnson	Knoll
Benedict	Davies	Gunderson	Keefe, S.	Knutson
Bernhagen	Dieterich	Hanson	Kirchner	Laufenburger
Brataas	Dunn	Hughes	Kleinbaum	Luther

McCutcheon	Olson	Rued	Solon	Tennessee
Menning	Penny	Schaaf	Staples	Ueland, A.
Merriam	Perpich	Setzepfandt	Stokowski	Ulland, J.
Nelson	Peterson	Sikorski	Strand	Vega
Olhoff	Renneke	Sillers	Stumpf	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 914: A bill for an act relating to retirement; providing for continued membership in public safety employee pension funds for certain current public safety employees who may not have the power of arrest with a warrant; amending Minnesota Statutes 1978, Sections 352B.01, Subdivision 2; and 353.64, Subdivision 1.

Mr. Davies moved to amend H. F. No. 914 as follows:

Page 3, after line 20, insert:

"Sec. 3. [LIMITATION ON NONFORFEITABLE ENTITLEMENT TO BENEFIT INCREASE.] No current annuitant, disabilitant or survivor benefit recipient and no active or inactive member of any retirement fund to which this act applies shall acquire a nonforfeitable interest in, or entitlement to, any modification in the benefit plan of the fund contained in this act or be entitled to bring any action based on any modification in the benefit plan of the fund contained in this act until a period of two years commencing with the date on which the benefit plan modification becomes effective has expired."

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

H. F. No. 914 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Laufenburger	Peterson	Stokowski
Bang	Hanson	Luther	Renneke	Strand
Benedict	Hughes	McCutcheon	Rued	Stumpf
Bernhagen	Humphrey	Menning	Schaaf	Tennessee
Brataas	Johnson	Merriam	Setzepfandt	Ueland, A.
Chenoweth	Keefe, S.	Moe	Sieloff	Ulland, J.
Chmielewski	Kirchner	Nelson	Sikorski	Vega
Davies	Kleinbaum	Olhoff	Sillers	Willet
Dunn	Knaak	Olson	Solon	
Engler	Knoll	Penny	Spear	
Gearty	Knutson	Perpich	Staples	

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

SPECIAL ORDER

H. F. No. 198: A bill for an act relating to tort liability; requiring political subdivisions to indemnify officers and employees for certain judgments and settlements; amending Minnesota Statutes 1978, Section 466.07, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Perpich	Staples
Bang	Frederick	Knoll	Peterson	Stokowski
Benedict	Gearty	Knutson	Renneke	Strand
Bernhagen	Gunderson	Laufenburger	Rued	Stumpf
Brataas	Hanson	McCutcheon	Schaaf	Vega
Chenoweth	Hughes	Menning	Schmitz	Willet
Chmielewski	Humphrey	Merriam	Setzpfandt	
Davies	Johnson	Nelson	Sieloff	
Dieterich	Keefe, S.	Olhoff	Sikorski	
Dunn	Kirchner	Penny	Sillers	

Messrs. Luther; Tennesen; Ueland, A. and Ulland, J. voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 1191: A bill for an act relating to insurance; providing for changes in the operation and funding of the comprehensive health association; requiring identification of certain insurers; setting premium standards; amending Minnesota Statutes 1978, Sections 62E.02, Subdivision 10, and by adding a subdivision; 62E.04, Subdivision 4; 62E.08; 62E.10; 62E.11; 62E.13, Subdivision 2; 62E.14, Subdivision 1; and Chapter 62E, by adding a section; repealing Minnesota Statutes 1978, Section 62E.10, Subdivision 5.

Mr. Sikorski moved to amend S. F. No. 1191 as follows:

Page 8, line 24, after "incurred," insert "*or estimated to be incurred*"

Page 8, line 30, delete "*contributing*"

Page 9, line 10, reinstate "*association*" and delete "*contributing*"

Page 9, line 11, before "*Contributing*" insert "*(a) Each*"

Page 9, line 11, strike "*members*" and insert "*member*"

Page 9, line 11, strike "*in the claims*" and insert a colon

Page 9, lines 12 to 23, delete the new language, strike the existing language and insert:

"(1) Ninety percent of each assessment for claims expenses of the state plan and operating and administrative ex-

penses of the association in proportion to the ratio of the contributing member's total accident and health insurance premium received from or on behalf of Minnesota residents divided by the total accident and health insurance premium received by all contributing members from or on behalf of Minnesota residents, as determined by the commissioner; and

- (2) *Ten percent of each assessment for claims expenses of the state plan and operating and administrative expenses of the association in proportion to the ratio of the contributing member's total accident and health insurance premium received from or on behalf of Minnesota residents divided by the total cost of self insurance, accident and health insurance premium, subscriber contract charges, and health maintenance organization contract charges received by all association members from or on behalf of Minnesota residents, as determined by the commissioner.*

(b) *Each member which is not a contributing member shall share ten percent of each assessment for claims expenses of the state plan and operating and administrative expenses of the association in proportion to the ratio of the member's total cost of self insurance, accident and health insurance premium, subscriber contract charges, or health maintenance organization contract charges received from or on behalf of Minnesota residents divided by the total cost of self insurance, accident and health insurance premium, subscriber contract charges, and health maintenance organization contract charges received by all association members from or on behalf of Minnesota residents, as determined by the commissioner."*

Page 9, line 26, delete "contributing"

Page 9, line 32, delete "contributing"

Page 10, line 6, delete "contributing"

Page 10, line 7, delete "contributing"

Page 10, line 11, delete "contributing"

Page 10, line 12, delete "contributing"

Page 10, line 13, after "insurance" insert ", self insurance, or health maintenance organization"

Page 10, line 15, after "insurance" insert ", self insurance, or health maintenance organization"

Page 10, line 16, delete "contributing"

Page 10, line 27, after "association" insert "pursuant to section 62E.11, subdivision 5, clause (a) (1)"

Page 12, line 18, after "5" insert "; 62E.11, subdivision 8" and delete "is" and insert "are"

Page 12, line 20, after the period, insert "The provisions of section 62E.11, subdivision 8, shall expire on July 1, 1981."

Amend the title as follows:

Page 1, line 11, delete "Section" and insert "Sections"

Page 1, line 12, before the period, insert "; and 62E.11, subdivision 8"

The motion prevailed. So the amendment was adopted.

Mr. Perpich moved to amend S. F. No. 1191 as follows:

Page 3, after line 2, insert:

"Sec. 5. Minnesota Statutes 1978, Section 62E.06, Subdivision 1, is amended to read:

62E.06 [MINIMUM BENEFITS OF QUALIFIED PLAN.] Subdivision 1. [NUMBER THREE PLAN.] A plan of health coverage shall be certified as a number three qualified plan if it otherwise meets the requirements established by chapters 62A and 62C, and the other laws of this state, whether or not the policy is issued in Minnesota, and meets or exceeds the following minimum standards:

(a) The minimum benefits for a covered individual shall, subject to the other provisions of this subdivision, be equal to at least 80 percent of the cost of covered services in excess of an annual deductible which does not exceed \$150 per person. The coverage shall include a limitation of \$3,000 per person on total annual out-of-pocket expenses for services covered under this subdivision. The coverage shall be subject to a maximum lifetime benefit of not less than \$250,000.

The \$3,000 limitation on total annual out-of-pocket expenses and the \$250,000 maximum lifetime benefit shall not be subject to change or substitution by use of an actuarially equivalent benefit.

(b) Covered expenses shall be the usual and customary charges for the following services and articles when prescribed by a physician:

- (1) Hospital services;
- (2) Professional services for the diagnosis or treatment of injuries, illnesses, or conditions, other than outpatient mental or dental, which are rendered by a physician or at his direction;
- (3) Drugs requiring a physician's prescription;
- (4) Services of a nursing home for not more than 120 days in a year if the services would qualify as reimbursable services under medicare;
- (5) Services of a home health agency if the services would qualify as reimbursable services under medicare;
- (6) Use of radium or other radioactive materials;
- (7) Oxygen;
- (8) Anesthetics;

(9) Prostheses other than dental;

(10) Rental or purchase, as appropriate, of durable medical equipment other than eyeglasses and hearing aids;

(11) Diagnostic x-rays and laboratory tests;

(12) Oral surgery for partially or completely unerupted impacted teeth, a tooth root without the extraction of the entire tooth, or the gums and tissues of the mouth when not performed in connection with the extraction or repair of teeth;

(13) Services of a physical therapist; and

(14) Transportation provided by licensed ambulance service to the nearest facility qualified to treat the condition.

(c) Covered expenses for the services and articles specified in this subdivision do not include the following:

(1) Any charge for care for injury or disease either (i) arising out of an injury in the course of employment and subject to a workers' compensation or similar law, (ii) for which benefits are payable without regard to fault under coverage statutorily required to be contained in any motor vehicle, or other liability insurance policy or equivalent self-insurance, or (iii) for which benefits are payable under another policy of accident and health insurance, medicare or any other governmental program except as otherwise provided by law;

(2) Any charge for treatment for cosmetic purposes other than surgery for the repair of an injury or birth defect;

(3) Care which is primarily for custodial or domiciliary purposes which would not qualify as eligible services under medicare;

(4) Any charge for confinement in a private room to the extent it is in excess of the institution's charge for its most common semi-private room, unless a private room is prescribed as medically necessary by a physician, provided, however, that if the institution does not have semi-private rooms, its most common semi-private room charge shall be considered to be 90 percent of its lowest private room charge;

(5) That part of any charge for services or articles rendered or prescribed by a physician, dentist, or other health care personnel which exceeds the prevailing charge in the locality where the service is provided; and

(6) Any charge for services or articles the provision of which is not within the scope of authorized practice of the institution or individual rendering the services or articles.

(d) **Effective July 1, 1980,** The minimum benefits for a qualified plan shall include, in addition to those benefits specified in clauses (a) and (e), benefits for the following services subject to applicable deductibles, coinsurance provisions, and maximum lifetime benefit limitations:

(1) Well baby care , *effective July 1, 1980* ;

(2) Physicians' services for routine check-ups and annual physicals when prescribed by a physician , *effective July 1, 1982* ;

(3) Multiphasic screening and other diagnostic testing , *effective July 1, 1982* . The commissioner by rule shall prescribe reasonable limits on the reimbursement required for services listed in this clause.

(e) Effective July 1, 1979, the minimum benefits of a qualified plan shall include, in addition to those benefits specified in clause (a), a second opinion from a physician on all surgical procedures expected to cost a total of \$500 or more in physician, laboratory and hospital fees, provided that the coverage need not include the repetition of any diagnostic tests."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the second semicolon insert "changing the effective dates of certain mandated benefits;"

Page 1, line 8, after the first semicolon, insert "62E.06, Subdivision 1;"

The motion prevailed. So the amendment was adopted.

S. F. No. 1191 was then progressed.

SPECIAL ORDER

H. F. No. 954: A bill for an act relating to counties; providing for the time for certain welfare board activities; amending Minnesota Statutes 1978, Sections 393.04; and 393.08.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Knaak	Penny	Sillers
Bang	Engler	Knoll	Perpich	Spear
Benedict	Frederick	Knutson	Peterson	Staples
Bernhagen	Gearty	Luther	Renneke	Stokowski
Brataas	Gunderson	McCutcheon	Rued	Strand
Chenoweth	Hanson	Menning	Schaaf	Stumpf
Chmielewski	Humphrey	Merriam	Schmitz	Tennessee
Coleman	Johnson	Moe	Setzepfandt	Ueland, A.
Davies	Keefe, S.	Nelson	Sieloff	Ulland, J.
Dieterich	Kirchner	Olhoft	Sikorski	Willett

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1101: A bill for an act relating to motor vehicles;

providing for the issuance of handicapped license plates; amending Minnesota Statutes 1978, Section 168.021, Subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 48 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Knoll	Perpich	Spear
Bang	Engler	Knutson	Peterson	Staples
Benedict	Frederick	Luther	Renneke	Strand
Bernhagen	Gearty	McCutcheon	Rued	Stumpf
Brataas	Gunderson	Menning	Schaaf	Tennessee
Chenoweth	Hanson	Merriam	Schmitz	Ueland, A.
Chmielewski	Humphrey	Moe	Setzepfandt	Ulland, J.
Coleman	Johnson	Nelson	Sieloff	Willet
Davies	Kirchner	Olhoft	Sikorski	
Dieterich	Knaak	Penny	Sillers	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 607: A bill for an act relating to public employment labor relations; permitting firefighters to use certain grievance procedures; amending Minnesota Statutes 1978, Section 179.70, Subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Luther	Renneke	Strand
Bang	Engler	McCutcheon	Rued	Stumpf
Benedict	Frederick	Menning	Schaaf	Tennessee
Bernhagen	Gearty	Merriam	Schmitz	Ueland, A.
Brataas	Humphrey	Moe	Setzepfandt	Ulland, J.
Chenoweth	Johnson	Nelson	Sieloff	Willet
Chmielewski	Keefe, S.	Olhoft	Sikorski	
Coleman	Kirchner	Penny	Sillers	
Davies	Knaak	Perpich	Spear	
Dieterich	Knutson	Peterson	Stokowski	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 686: A bill for an act relating to public health; permitting use of plastic water well casings in additional counties; amending Minnesota Statutes 1978, Section 156A.031, Subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Knaak	Penny	Sillers
Bang	Engler	Knoll	Perpich	Spear
Benedict	Frederick	Knutson	Peterson	Staples
Bernhagen	Gearty	Luther	Renneke	Stokowski
Brataas	Gunderson	McCutcheon	Rued	Strand
Chenoweth	Hanson	Menning	Schaaf	Stumpf
Chmielewski	Humphrey	Merriam	Schmitz	Tennesen
Coleman	Johnson	Moe	Setzepfandt	Ueland, A.
Davies	Keefe, S.	Nelson	Sieloff	Ulland, J.
Dieterich	Kirchner	Olhoff	Sikorski	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1144: A bill for an act relating to state lands; authorizing conveyance of certain land to Independent School District No. 281.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Peterson	Stokowski
Bang	Frederick	Knutson	Renneke	Strand
Benedict	Gearty	Luther	Rued	Stumpf
Bernhagen	Gunderson	McCutcheon	Schaaf	Tennesen
Brataas	Hanson	Menning	Schmitz	Ueland, A.
Chenoweth	Humphrey	Merriam	Sieloff	Ulland, J.
Chmielewski	Johnson	Nelson	Sikorski	Willet
Coleman	Keefe, S.	Olhoff	Sillers	
Dieterich	Kirchner	Penny	Spear	
Dunn	Knaak	Perpich	Staples	

Messrs. Davies and Setzepfandt voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1324: A bill for an act relating to arson; fire loss information; authorizing certain agencies to request and receive from insurance companies information relating to fire losses; providing for immunity to insurance companies providing fire loss information; providing for confidentiality of released information; providing for testimony in matters under litigation; providing for penalties.

Mr. Dieterich moved to amend H. F. No. 1324, as amended pursuant to Rule 49, adopted by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1484.)

Page 2, line 6, delete "or"

Page 2, line 9, after "loss" insert "; or

(h) The chief administrative officer of the municipal arson squad"

Page 2, lines 15 and 16, delete subdivision 4

Page 2, line 25, delete "and any" and insert "including the"

Page 3, line 6, delete "then, for the purpose of"

Page 3, line 7, delete "notification and for having the fire loss investigated,"

Page 3, line 9, after "all" insert "relevant"

Page 3, line 9, after "material" insert "as specified in this section"

Page 3, line 21, delete "have immunity" and insert "be immune"

Page 3, line 24, delete "Subdivision 1."

Page 3, line 28, delete "such time as"

Page 3, lines 30 to 32, delete subdivision 2

Page 4, line 6, after "persons" insert "notice or"

The motion prevailed. So the amendment was adopted.

H. F. No. 1324 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Knoll	Perpich	Spear
Bang	Engler	Knutson	Peterson	Staples
Benedict	Frederick	Luther	Renneke	Stokowski
Bernhagen	Gearty	McCutcheon	Rued	Strand
Brataas	Gunderson	Menning	Schaaf	Stumpf
Chenoweth	Hanson	Merriam	Schmitz	Tennessee
Chmielewski	Humphrey	Moe	Setzepfandt	Ueland, A.
Coleman	Johnson	Nelson	Sieloff	Ulland, J.
Davies	Keefe, S.	Olhoff	Sikorski	Willet
Dieterich	Knaak	Penny	Sillers	

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

SPECIAL ORDER

H. F. No. 1023: A bill for an act relating to Independent School District No. 911; providing for the sale of certain land.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 43 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Laufenburger	Perpich	Spear
Bang	Engler	Luther	Peterson	Staples
Benedict	Frederick	McCutcheon	Renneke	Stokowski
Bernhagen	Gearty	Menning	Rued	Strand
Brataas	Hanson	Moe	Schaaf	Stumpf
Chenoweth	Humphrey	Nelson	Schmitz	Vega
Chmielewski	Johnson	Olhoft	Sieloff	Willet
Coleman	Keefe, S.	Olson	Sikorski	
Dieterich	Knaak	Penny	Sillers	

Those who voted in the negative were:

Davies	Kirchner	Setzepfandt	Ueland, A.	Ulland, J.
Gunderson	Merriam	Tennessee		

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1093: A bill for an act relating to bingo; changing the filing requirements for organizations conducting bingo; amending Minnesota Statutes 1978, Section 349.21, Subdivision 3.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 42 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson	Dieterich	Knaak	Schaaf	Stumpf
Bang	Dunn	Knoll	Schmitz	Tennessee
Benedict	Engler	Laufenburger	Setzepfandt	Ueland, A.
Bernhagen	Frederick	Luther	Sieloff	Ulland, J.
Brataas	Gearty	Merriam	Sikorski	Vega
Chenoweth	Hanson	Moe	Sillers	Willet
Chmielewski	Humphrey	Olson	Spear	
Coleman	Johnson	Penny	Staples	
Davies	Kirchner	Rued	Strand	

Those who voted in the negative were:

Gunderson	McCutcheon	Nelson	Perpich	Renneke
Keefe, S.	Menning	Olhoft	Peterson	Stokowski

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 430: A bill for an act relating to elections; allowing employees of the state or its political subdivisions to serve as election judges; amending Minnesota Statutes 1978, Section 204A.18, Subdivision 3; repealing Minnesota Statutes 1978, Section 204A.17, Subdivision 5.

Mr. Setzepfandt moved to amend H. F. No. 430, as amended by the Committee on Elections, adopted by the Senate May 8, 1979, as follows:

Page 1, line 13, strike "while he is receiving compensation"

Page 1, line 14, strike "as an employee or officer of the United States"

The motion prevailed. So the amendment was adopted.

H. F. No. 430 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 42 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Menning	Renneke	Strand
Bang	Gunderson	Merriam	Schmitz	Stumpf
Benedict	Humphrey	Moe	Setzepfandt	Ulland, A.
Chenoweth	Johnson	Nelson	Sieloff	Ulland, J.
Chmielewski	Keefe, S.	Olhoff	Sikorski	Vega
Davies	Kirchner	Olson	Sillers	Willet
Dieterich	Knoll	Penny	Spear	
Dunn	Luther	Perpich	Staples	
Engler	McCutcheon	Peterson	Stokowski	

Those who voted in the negative were:

Bernhagen	Frederick	Rued	Schaaf	Tennessee
Brataas				

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

SPECIAL ORDER

H. F. No. 1126: A bill for an act relating to state parks; authorizing the acquisition of certain lands for Afton State Park by eminent domain.

Mr. Sikorski moved to strike the amendment made to H. F. No. 1126 by the Committee on Agriculture and Natural Resources, adopted by the Senate May 8, 1979. The motion prevailed. So the committee amendment was stricken.

H. F. No. 1126 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 42 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Luther	Peterson	Staples
Bang	Engler	McCutcheon	Renneke	Stokowski
Benedict	Frederick	Menning	Rued	Stumpf
Bernhagen	Gearty	Merriam	Schaaf	Tennessee
Brataas	Humphrey	Moe	Schmitz	Ulland, J.
Chenoweth	Johnson	Nelson	Sieloff	Vega
Coleman	Keefe, S.	Olhoff	Sikorski	
Davies	Kirchner	Olson	Sillers	
Dieterich	Knoll	Perpich	Spear	

Those who voted in the negative were:

Chmielewski	Laufenburger	Setzepfandt	Strand	Willet
Gunderson	Penny			

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 1476: A bill for an act relating to banks; authorizing certain additional facilities for banks; amending Minnesota Statutes 1978, Section 47.52.

Mr. Davies moved to amend S. F. No. 1476 as follows:

Page 2, lines 14 to 18, delete the new language and insert "*facility which may be located between 150 to 1,500 feet of the main banking house or a detached facility if the site of the main banking house or detached facility is so physically limited as to preclude the addition of a drive-in facility adjacent thereto. The drive-in facility permitted by this*"

The motion prevailed. So the amendment was adopted.

S. F. No. 1476 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 36 and nays 12, as follows:

Those who voted in the affirmative were:

Bang	Gearty	Menning	Rued	Tennessee
Bernhagen	Humphrey	Merriam	Schaaf	Ueland, A.
Brataas	Johnson	Moe	Setzepfandt	Ulland, J.
Coleman	Keefe, S.	Nelson	Sieloff	Vega
Davies	Knaak	Olhoff	Sillers	
Dieterich	Knoll	Olson	Spear	
Dunn	Luther	Perpich	Staples	
Engler	McCutcheon	Peterson	Stumpf	

Those who voted in the negative were:

Anderson	Chmielewski	Laufenburger	Renneke	Strand
Benedict	Frederick	Penny	Sikorski	Willet
Chenoweth	Gunderson			

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

Without objection, the Senate reverted to the Order of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

Mr. Coleman from the Subcommittee on Bill Scheduling, to which were referred S. F. Nos. 1465, 1427, 1485, 474, 471, 337, 1109, 664, 1280, 1370 and H. F. Nos. 218, 515, 521, 317, 797 makes the following report:

That the above Senate Files and House Files be placed on the General Orders Calendar in the order indicated.

That there were no other bills before the Subcommittee on which floor action was requested.

Mr. Coleman moved the adoption of the foregoing committee report. The motion prevailed. Report adopted.

APPOINTMENTS

Mr. Coleman from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H. F. No. 444: Messrs. Schaaf, Chenoweth, and Mrs. Brataas.

H. F. No. 145: Messrs. Nelson, Kirchner, and Davies.

H. F. No. 13: Messrs. Menning, Nelson, and Ulland, J.

S. F. No. 1510: Messrs. Humphrey; Willet; Keefe, S.; Dunn and Chenoweth.

H. F. No. 1518: Messrs. Moe, Perpich, Spear, Kirchner, and Solon.

H. F. No. 1526: Messrs. Moe, Tennessen, Stumpf, Ogdahl, and Renneke.

S. F. No. 1504: Messrs. Moe, Kleinbaum, Menning, Pillsbury, and Ashbach.

S. F. No. 118: Messrs. Davies, Sikorski, and Bernhagen.

S. F. No. 219: Messrs. Nelson, Chenoweth, and Ashbach.

S. F. No. 521: Messrs. Kleinbaum, Bang, and Dieterich.

Mr. Coleman moved that the foregoing appointments be approved. The motion prevailed.

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 1567: A bill for an act relating to taxation; providing certain modifications of gross income; increasing and extending certain credits against income tax; increasing the maximum standard deduction; providing for valuation of agricultural land for school aids purposes; increasing the state share of certain income maintenance payments; reducing certain property assessment ratios; increasing the homestead credit; eliminating the limited market value; increasing certain property tax refund amounts; abolishing the inheritance tax; establishing an estate tax; repealing the gift tax; reducing the rate of sales and use tax on farm machinery; reducing the rates of tax on corporate and individual income; providing a property tax credit for commercial property; increasing the amount and providing for the distribution of aids to local governments; providing state assistance for municipal pension costs; altering the tax treatment of railroads; providing for payment in lieu of taxes on certain lands; appropriating money; amending Minnesota Statutes 1978, Sections 124.-212, Subdivision 10; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 272.02, Subdivision 1; 273.11, Subdivision 2; 273.-13, Subdivisions 4, 5a, 6, 7, and 14a, and by adding a subdivision; 273.17, Subdivision 1; 275.51, Subdivision 3d; 290.01, Subdivision 20; 290.06, Subdivisions 1, 2c, 3c, 3d, and 12, and by adding subdivisions; 290.081; 290.09, Subdivision 15; 290A.03, Subdivision

11; 290A.04, Subdivisions 2, 2a, 2b, and 3; 291.005, Subdivision 1; 291.01; 291.03; 291.05; 291.051; 291.06; 291.065; 291.07, Subdivision 1; 291.08; 291.09, Subdivisions 5 and 7, and by adding subdivisions; 291.11, Subdivision 1; 291.111, Subdivision 1; 291.-132; 291.14; 291.19, Subdivision 3; 291.20, Subdivision 1; 291.27; 291.33, Subdivision 1; 295.02; 297A.01, by adding a subdivision; 297A.02; 297A.14; 297A.24; 352.15, Subdivision 1; 353.15; 354.10; 354A.11; 477A.01, Subdivisions 1, 2 and 4; 524.3-706; 524.3-916; 524.3-1001; 525.091, Subdivisions 1 and 2; 525.312; 525.71; 525.-74; and 525.841; and Chapters 270, 273 and 291, by adding sections; repealing Minnesota Statutes 1978, Sections 3A.08; 273.11, Subdivision 2; 291.02; 291.07, Subdivisions 2 and 2a; 291.09, Subdivisions 1, 2, 3 and 4; 291.10; 291.11, Subdivisions 2, 3, 4, 5, 6, 7, 8, and 9; 291.12, Subdivision 4; 291.19, Subdivision 5; 291.20, Subdivision 3; 291.22; 291.23; 291.24; 291.25; 291.26; 291.29, Subdivisions 1, 2, 3 and 4; 291.30; 291.34; 291.35; 291.36; 291.37; 291.-38; 291.39; 291.40; 292.01; 292.02; 292.03; 292.031; 292.04; 292.05; 292.06; 292.07; 292.08; 292.09; 292.105; 292.111; 292.112; 292.-12; 292.125; 292.14; 292.15; 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; 295.14; and 477A.01, Subdivisions 3 and 4a.

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

Page 4, line 7, after the period, insert:

"The amendments made to sections 219(c) (3) and 220(c) (4) (extending the time for which a taxpayer is deemed to have made a contribution to an individual retirement account for the taxable year) by section 157(a) of P.L. 95-600 shall be effective for taxable years beginning after December 31, 1977."

Page 6, after line 4, insert:

"(12) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses realized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;"

Page 8, after line 25, insert:

"(8) To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain realized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;"

Page 9, line 26, delete "(11)" and insert "(12) The first \$3,000 of"

Page 9, line 27, after "Nations" insert ", and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations"

Page 12, after line 3, insert:

"Sec. 2. Minnesota Statutes 1978, Section 290.012, Subdivision 3, is amended to read:

Subd. 3. "Dependent" means an individual dependent upon and receiving his chief support from the claimant. Payments for support of minor children as provided in section 290.072, subdivision 3 under a temporary or final decree of dissolution or legal separation, shall be considered as payments by the claimant for the support of a dependent. For the purposes of section 290.06, subdivision 3d, a spouse except a divorced or separated spouse shall be considered to be a dependent."

Page 14, after line 19, insert:

"(a) In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$65;

(b) In the case of a married individual, living with a spouse, an additional \$65 for each spouse who is a quadriplegic at the close of the taxable year; and

(c) In the case of an individual, another \$65 for each person, other than a spouse, who is dependent upon and receiving his chief support from the taxpayer, and who is a quadriplegic at the close of the taxable year."

Page 14, line 20, reinstate the stricken "(6)"

Page 14, line 27, delete "(6)" and reinstate the stricken "(7)"

Page 14, line 28, delete "and" and reinstate "and 5"

Page 16, after line 27, insert:

"(5) (a) In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$87;

(b) In the case of a married individual, living with a spouse, an additional \$87 for each spouse who is a quadriplegic at the close of the taxable year; and

(c) In the case of an individual, another \$87 for each person, other than a spouse, who is dependent upon and receiving his chief support from the taxpayer, and who is a quadriplegic at the close of the taxable year."

Renumber the remaining clauses

Page 17, line 3, delete "and" and after "4" insert "and 5"

Page 17, line 25, delete "and energy"

Page 17, line 26, delete "assistance"

Page 19, delete Section 6 and insert:

"Sec. 7. Minnesota Statutes 1978, Section 290.06, Subdivision 3e, is amended to read:

Subd. 3e. [PARENTS' CREDIT.] A credit of \$50 may be deducted from the tax due from the taxpayer and his spouse, if any, under this chapter if either the taxpayer or his spouse devotes his time to caring for his children and their home and is not employed outside of the home. A taxpayer would qualify for the credit if

(a) he has a child who is twelve years of age or younger residing in his home at any time during the taxable year; *and*

(b) *if the taxpayer is married*, either the taxpayer or his spouse remains unemployed throughout the taxable year for the purpose of caring for the child in the home; *and*

(c) the combined federal adjusted gross income of the taxpayer and his spouse, *if any*, is not in excess of \$25,000.

A married claimant shall file his income tax return for the year for which he claims the credit either jointly or separately on one form with his spouse. In the case of the married claimant, only one spouse may claim the credit."

Page 24, after line 16, insert:

"Sec. 10. Minnesota Statutes 1978, Section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.] The basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by such last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause (4), the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by such person, be the fair market value of the property at the date of decedent's death.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance tax purposes. In such case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on such property before the death of the decedent. Such basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities described in section 290.08; and property described in paragraphs (a), (b), (c) and (d) of this clause (4).

Clause (4) shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077. Nor shall it apply to restricted stock options described in section 290.078 which the employee has not exercised at death.

(5) If the property was acquired after December 31, 1932, upon an exchange described in section 290.13, subdivision 1, the basis shall be the same as in the case of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon such exchange under the law applicable to the year in which the exchange was made. If the property so acquired consisted in part of the type of property permitted by section 290.13, subdivision 1, to be received without the recognition of gain or loss, and in part of other property, the basis provided in this clause shall be allocated between the properties, other than money, received, and for the purpose of the allocation there shall be assigned to such other property an amount equivalent to its fair market value at the date of the exchange. This clause shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration, in whole or in part, for the transfer of the property to it;

(6) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in

respect of which loss was not allowed as a deduction under section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as in the case of the stock or securities so sold or disposed of, increased by the excess of the repurchase price of such property over the sale price of such stock or securities, or decreased by the excess of the sale price of such stock or securities over the repurchase price of such property;

(7) If the property was acquired after December 31, 1932, as the result of a compulsory or involuntary conversion described in section 290.13, subdivision 5, the basis shall be the same as in the case of the property so converted, decreased in the amount of any money received by the taxpayer which was not expended in accordance with the provisions of law applicable to the year in which such conversion was made, determining the taxable status of the gain or loss upon such conversion, and increased in the amount of gain or decreased in the amount of loss to the taxpayer recognized upon such conversion under the law applicable to the year in which such conversion was made.

(8) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of such property, be increased or diminished on account of income derived by the lessor in respect of such property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of such property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of such property shall be properly adjusted for the amount so included in gross income.

(9) If the property was acquired by the taxpayer as a transfer of property in exchange for the release of the taxpayer's marital rights, the basis of the property shall be the same as it would be if it were being sold or otherwise disposed of by the person who transferred the property to the taxpayer.

Sec. 11. Minnesota Statutes 1978, Section 290.21, Subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operating exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this state if such contributions or gifts are to be used exclusively for the purposes specified in subdivision 3(b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual, or to an employee stock ownership trust as defined in section 290.01, subdivision 25. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the deduction shall be reduced by the product of multiplying said amount by their percentage interest in the trust,

(d) to or for the use of the United States of America for exclusively public purposes, and to or for the use of any community chest, corporation, trust, fund, association, or foundation, organized and operated exclusively for any of the purposes specified in subdivision 3(b) and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual, but not carrying on substantially all of their activities within this state, in an amount equal to the ratio of Minnesota taxable net income to total net income, provided, however, that for an individual taxpayer, the credit shall be allowed in an amount equal to the ratio of the taxpayer's gross income from sources within the state assignable to Minnesota to the taxpayer's gross income from all sources,

(e) to a political party, as defined in section 200.02, subdivision 7, or a political candidate, as defined in section 210A.01, or a political cause when sponsored by any party or association or committee, as defined in section 210A.01, in a maximum amount not to exceed the following:

(1) contributions made by individual natural persons, \$100,

(2) contributions made by a national committeeman, national committeewoman, state chairman, or state chairwoman of a political party, as defined in section 200.02, subdivision 7, \$1,000,

(3) contributions made by a congressional district committeeman or committeewoman of a political party, as defined in section 200.02, subdivision 7, \$350,

(4) contributions made by a county chairman or a county chairwoman of a political party, as defined in section 200.02, subdivision 7, \$150;

(f) in the case of an individual, the total credit against taxable net income allowable hereunder shall not exceed 30 percent of the taxpayer's Minnesota gross income as follows:

(i) the aggregate of contributions made to organizations specified in (a), (b) and (d) shall not exceed ten percent of the taxpayer's Minnesota gross income,

(ii) the total credits under this subparagraph for any taxable year shall not exceed 20 percent of the taxpayer's Minnesota gross income. For purposes of this subparagraph, the credits under this

section shall be computed without regard to any deduction allowed under subparagraph (i) but shall take into account any contributions described in subparagraph (i) which are in excess of the amount allowable as a credit under subparagraph (i); the sum of:

(i) 20 percent of the taxpayer's Minnesota gross income in the case of contributions described in clauses (c) and (e); and

(ii) 50 percent of the taxpayer's Minnesota gross income in the case of contributions or gifts described in clauses (a), (b) and (d), reduced by the amount of the credit allowable under subparagraph (i),

(g) in the case of an individual, if the amount of the contributions or gifts described in clauses (a), (b) and (d), when added to the amount of contributions described in clauses (c) and (e), payment of which is made in a taxable year, hereinafter referred to in this subdivision as the "contribution year", exceeds 50 percent of the taxpayer's Minnesota gross income for that year, the excess shall be treated as a gift or contribution pursuant to this subdivision, paid in each of the five succeeding taxable years in order of time, but with respect to any succeeding taxable year, only to the extent of the lesser of the following amounts:

(i) the amount by which 50 percent of the taxpayer's Minnesota gross income for such succeeding taxable year exceeds the sum of the contribution and gifts described in this subdivision, payment of which is actually made by the taxpayer within such succeeding taxable year, and the contributions and gifts described in clauses (a), (b) and (d), payment of which was made in taxable years before the contribution year and which are treated pursuant to this clause as having been paid in such succeeding taxable year; or

(ii) in the first succeeding taxable year, the amount of such excess, and in the second, third, fourth and fifth succeeding taxable years, the portion of such excess not treated under this clause as a contribution or gift described in clauses (a), (b) and (d) paid in a taxable year between the contribution year and such succeeding taxable year; or

(iii) if, in a contribution year, the taxpayer's Minnesota gross income exceeds \$100,000, clause (g) shall not apply and no contributions or gifts covered by clause (g) shall be carried forward to a subsequent year,

~~(g)~~ (h) in the case of a corporation, the total credit against net income hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the credits allowable under this section other than those for contributions or gifts,

~~(h)~~ (i) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following

the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by regulations prescribe,

(i) (j) in the case of a contribution or property placed in trust as described in section 170(f)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1976, a credit shall be allowed under this subdivision to the extent that a deduction is allowable for federal income tax purposes.

Sec. 12. Minnesota Statutes 1978, Section 290.23, is amended by adding a subdivision to read:

Subd. 16. [INCOME FROM OUT-OF-STATE PROPERTY.] There shall be allowed as a deduction in computing the taxable net income of a trust or an estate the amount of income or gains from tangible personal or real property having a situs outside this state allocated to this state according to the provisions of section 290.17, subdivision 1.

Sec. 13. *The withholding of tax on wages pursuant to Minnesota Statutes, Section 290.92 shall be suspended for a period of one month. No employer shall withhold any tax from wages paid with respect to any payroll period ending after September 30, 1979 and prior to November 1, 1979.*

Sec. 14. [REPEALER.] *Minnesota Statutes 1978, Section 290.06, Subdivision 12, is repealed.*

Page 24, line 17, delete "6," and delete "and" and insert a comma and after "8" insert ", 9, 10, 11, 12 and 14"

Page 24, line 19, after the period insert "*Section 2 is effective for taxable years beginning after December 31, 1977.*"

Renumber the sections of Article I in sequence

Page 31, line 6, strike "or" and after "bordering" insert ", or closest to"

Page 35, after line 21, insert:

"Sec. 13. Minnesota Statutes 1978, Section 275.125, Subdivision 6a, is amended to read:

Subd. 6a. (1) In addition to the excess levy authorized in subdivision 6, in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under sections 275.127 and 422A.01 to 422A.25 may levy an amount per pupil unit which is equal to the amount levied in 1975 payable 1976, under sections 275.127 and 422A.01 to 422A.25, divided by the number of pupil units in the district in 1976-1977.

(2) In 1977 1979 and each year thereafter, any district which qualified in 1976 for an extra levy under clause (1) shall be allowed to levy the same amount per pupil unit allowed by that clause, as levied for retirement in 1978 under this clause reduced each year by

ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, Sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, Sections 275.127 and 422A.01 to 422A.25.

Sec. 14. Minnesota Statutes 1978, Section 290A.03, Subdivision 3, is amended to read:

Subd. 3. [INCOME.] "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1976; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a) (1), (a) (2), (a) (3), (a) (10), (a) ~~(13)~~ (14), and (a) ~~(14)~~ (15);

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends excluded from federal adjusted gross income under section 116 of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans disability pensions), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof:

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments

were not excluded from federal adjusted gross income in the years when the payments were made;

(c) gifts from nongovernmental sources;

(d) surplus food or other relief in kind supplied by a governmental agency; or

(e) relief granted under sections 273.012, subdivision 2 or 290A.01 to 290A.21 ; or

(f) *child support payments received under a temporary or final decree of dissolution or legal separation.*"

Page 37, line 2, delete "\$875" and insert "\$850"

Page 37, line 9, strike "and whose claim is based on taxes paid on the home"

Page 37, line 10, strike "he owns"

Page 37, line 11, strike "and" and insert "or"

Page 39, line 18, after the period, insert "*Section 14 is effective for low income credits claimed for taxable years beginning after December 31, 1977 and for property tax refund claims based on rent paid in 1978 and property taxes payable in 1977.*" and delete "13 to 17" and insert "15 to 19"

Page 39, line 20, delete "19" and insert "21"

Page 40, line 22, delete "decedent"

Renumber the sections of Article II in sequence

Page 101, line 29, delete "FARM MACHINERY" and insert "SALES AND USE TAX"

Page 104, after line 15, insert:

"Sec. 5. Minnesota Statutes 1978, Section 297A.25, Subdivision 1, is amended to read:

297A.25 [EXEMPTIONS.] Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property,

tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(e) The gross receipts from the sale of packing materials used to pack and ship household goods, the ultimate destination of which is outside the state of Minnesota and which are not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitation thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing

suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, Section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

(m) The gross receipts from sales of airlift equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airlift equipment" includes airplanes and parts necessary for the repair and maintenance of such airlift equipment, and flight simulators.

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders;

(q) The gross receipts from the sale of caskets and burial vaults;

(r) The gross receipts from the sale of cigarettes.

(s) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, Section 1901, as amended.

(t) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been

issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect.

(u) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, Sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in Title 38 United States Code, Chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.

(v) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25.

(w) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota.

(x) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April.

(y) *The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:*

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant

to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1978; and,

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses.

(z) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by a county agricultural society incorporated pursuant to section 38.01 to be used for the purposes of sections 38.01 to 38.28."

Page 104, line 16, delete "This article is" and insert "Sections 1 to 4 are"

Page 104, line 17, after the period, insert "Section 5 is effective for sales made the day following final enactment."

Renumber the sections of Article IV in sequence

Page 104, line 25, delete "the first \$50,000 of estimated"

Page 104, line 26, delete "market value" and insert "property classified pursuant to this subdivision" and delete "ten percent of the amount"

Page 104, line 27, delete "of such tax" and insert "an amount equal to the tax levy that would be produced by applying a rate of ten mills on the first \$25,000 of the assessed value of the property"

Page 107, after line 7, insert:

"Sec. 4. Minnesota Statutes 1978, Section 290.361, Subdivision 2, is amended to read:

Subd. 2. [COMPUTATION OF TAXABLE NET INCOME.] The taxable net income shall be computed in the manner provided by this chapter except that in the case of national and state banks: (a) the rate shall be 13.64 percent until January 1, 1974 and 12 percent thereafter the rate provided in section 290.06, subdivision 1; (b) the basic date for the purpose of computing gain or loss and depreciation shall be January 1, 1940, instead of January 1, 1933; (c) property consisting of investments in bonds, stocks, notes, debentures, mortgages, certificates, or any evidence of indebtedness, and any property acquired in liquidation thereof when such property is held for investment or for sale, shall not be deemed to be capital assets; and (d) in computing net income there shall be allowable as a deduction from gross income, in addition to deductions otherwise provided for in this act, any dividend (not including any distribution in liquidation) paid, within the taxable year, to the United States or to any instrumentality thereof exempt from federal income taxes, on the preferred stock of the bank owned by the United States or such instrumentality."

Page 107, line 10, delete "Section 2 is" and insert "Sections 2 to 4 are"

Renumber sections of Article V in sequence

Page 118, delete lines 1 to 8 and insert "received more than \$100 per capita in 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1978, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than \$50 per capita, 20 percent."

Page 121, line 1, delete "one percent of" and insert "ten mills multiplied by"

Page 121, line 32, delete "\$90" and insert "\$100"

Page 122, line 1, delete "13" and insert "12"

Page 122, line 2, delete "\$90" and insert "\$100"

Page 122, line 19, delete "(ii) and (iii)" and insert "(2) and (3)"

Page 122, line 29, delete "\$90" and insert "\$100"

Page 122, line 31, delete "13" and insert "12"

Page 122, line 32, delete "\$90" and insert "\$100"

Page 123, line 10, delete "\$90" and insert "\$100"

Page 123, line 12, delete "13" and insert "12"

Page 123, line 13, delete "\$90" and insert "\$100"

Page 124, line 2, delete "(a) and (b)" and insert "(1) and (2)"

Page 124, line 4, delete "(c)" and insert "(3)"

Page 140, after line 26, insert:

"ARTICLE IX: CIGARETTE TAX ADMINISTRATION

Section 1. Minnesota Statutes 1978, Section 270.06, is amended to read:

270.06 [POWERS AND DUTIES.] It shall be the duty of the commissioner of revenue and he shall have power and authority:

(1) To have and exercise general supervision over the administration of the assessment and taxation laws of the state, over assessors, town, county, and city boards of review and equalization, and all other assessing officers in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state;

(2) To confer with, advise and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state, and to that end call meetings of local assessors of each county, to be held at the county-seat of such county, for the purpose of receiving necessary instructions from the commissioner as to the laws governing the assessment and taxation of all classes of prop-

erty, which meetings at least one member of each local board of review shall attend.

(3) To direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the laws of this state governing returns of assessment and taxation of property, and to cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty.

(4) To require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the laws of this state in respect to the assessment and taxation of property in their respective districts or counties;

(5) To require town, city, county, and other public officers to report information as to the assessment of property, collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the department of revenue, in such form and upon such blanks as he may prescribe;

(6) To require individuals, copartnerships, companies, associations, and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, earnings, operating expenses, taxes, as well as all other statements now required by law for taxation purposes;

(7) To summon witnesses to appear and give testimony, and to produce books, records, papers and documents relating to any tax matter which he may have authority to investigate or determine;

(8) To cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken, upon notice to the interested party, if any, in like manner that depositions of witnesses are taken in civil actions in the district court, in any matter which he may have authority to investigate or determine;

(9) To investigate the tax laws of other states and countries and to formulate and submit to the legislature such legislation as he may deem expedient to prevent evasions of assessment and taxing laws, and to secure just and equal taxation and improvement in the system of assessment and taxation in this state;

(10) To consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and the progress of the work of the department of revenue, and to furnish the governor, from time to time, such assistance and information as he may require relating to tax matters;

(11) To transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even num-

bered year, the report of the department of revenue for the preceding years, showing all the taxable property in the state and the value of the same, in tabulated form;

(12) To visit at least one-half of the counties of the state annually and every county in the state at least once in two years and inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties, particularly as to their compliance with the laws requiring the assessment of all property not exempt from taxation;

(13) To exercise and perform such further powers and duties as may be required or imposed upon the commissioner of revenue by law;

(14) The commissioner of revenue may promulgate rules and regulations for the administration and enforcement of the property tax. Such rules and regulations shall have the force and effect of law;

(15) To execute and administer any agreement with the secretary of the treasury of the United States regarding the exchange of information and administration of the tax laws of both the United States and the state of Minnesota;

(16) *To administer and enforce the provisions of sections 325.64 to 325.76, the Minnesota unfair cigarette sales act.*

ARTICLE X: GIFTS TO MINORS

Section 1. Minnesota Statutes 1978, Section 292.04, is amended to read:

292.04 [EXEMPTIONS.] The following transfers by gift shall be exempt from and excluded in computing the tax imposed by this chapter:

(1) Gifts to or for the use of the United States of America or any state or any political subdivision thereof for exclusively public purposes;

(2) Gifts to or for the use of any fund, foundation, trust, association, organization or corporation operated within this state for religious, charitable, scientific, literary, or educational purposes exclusively, including the promotion of the arts, or the conduct of a public cemetery, if no part thereof inures to the profit of any private shareholder or individual. Gifts to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, or educational purposes, including the promotion of the arts, or the conduct of a public cemetery, no part of which inures to the profit of any private shareholders or individual, shall be exempt, if at the date of the gift, the laws of the state under the laws of which the donee is organized or existing either (1) do not impose a gift tax in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contain a reciprocal provision under which gifts to a similar corporation,

fund, foundation, trust, or association organized or existing under the laws of another state are exempt from gift taxes if such other state allows a similar exemption to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of such state;

(3) Gifts to a fraternal society, order, or association operating under the lodge system, but only if such gifts are to be used exclusively for the purposes designated in clause (2);

(4) Gifts to or for the use of posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units or societies are organized within the state of Minnesota and if such gifts are to be used exclusively for the purposes designated in clause (2);

(5) All property transferred, money, service, or other thing of value, paid, furnished, or delivered by any person, corporation, organization, or association to his or its employees, or to any organization of his or its employees, directly or indirectly, or to any person, firm, or corporation for them or it, including payments to cover insurance, sickness, and death benefits, pensions, relief activities, or to any other employees benefit fund of any kind, and medical service to such employees and their families;

(6) The first \$3,000 in value of gifts (other than of future interests in property) made to any person by the donor during any calendar year. No part of a gift to a minor donee shall be considered a gift of future interest in property for purposes of this clause if it complies with the provisions of the Minnesota uniform gifts to minors act, chapter 527, or if it is a transfer for the benefit of a minor, and if the property and income therefrom:

(a) May be expended by or for the benefit of the donee before his attaining the age of 18 21 years; and

(b) Will to the extent not so expended

(1) pass to the donee on his attaining the age of 18 21 years and

(2) in the event the donee dies before attaining the age of 18 21 years, be payable to the estate of the donee, or as he may appoint under a general power of appointment as defined in section 2514(C) of the Internal Revenue Code of 1954;

(7) Gifts to an employee stock ownership trust as defined in section 290.01, subdivision 5. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the exemption shall be reduced by the product of multiplying said amount by their percentage interest in the trust.

Sec. 2. [REFUND.] Persons who paid gift taxes after June 1, 1973 on a transfer excludable pursuant to section 1 shall be entitled to a refund of taxes paid provided a claim is made to the commissioner pursuant to the procedures of section 292.12.

Sec. 3. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of revenue the amount necessary to make the refunds provided by section 2.*

Sec. 4. [EFFECTIVE DATE.] *This article is retroactively effective June 1, 1973."*

Amend the title as follows:

Page 1, line 5, after the semicolon insert "providing for computation of charitable contribution deduction; imposing one-month moratorium on withholding of tax from wages;"

Page 1, line 9, after the semicolon, insert "extending agricultural homestead treatment to noncontiguous land; providing for certain levies;"

Page 1, line 15, after the semicolon insert "providing sales tax exemptions for certain organizations;" and after "corporate" insert ", banks"

Page 1, line 22, after the semicolon insert "requiring the commissioner of revenue to administer the Minnesota unfair cigarette sales act; providing retroactive gift tax exemption for certain gifts to minors;"

Page 1, line 25, after "1;" insert "270.06;"

Page 1, line 28, after "1;" insert "275.125, Subdivision 6a;"

Page 1, line 29, after "20;" insert "290.012, Subdivision 3;"

Page 1, line 30, delete "12" and insert "3e"

Page 1, line 31, after "15;" insert "290.14; 290.21, Subdivision 3; 290.23, by adding a subdivision; 290.361, Subdivision 2;"

Page 1, line 32, delete "Subdivision" and insert "Subdivisions 3 and"

Page 1, line 39, after "1;" insert "292.04;"

Page 1, line 40, after "297A.24;" insert "297A.25, Subdivision 1;"

Page 2, line 7, after "2;" insert "290.06, Subdivision 12;"

And when so amended the bill do pass.

Mr. McCutcheon moved the adoption of the foregoing committee report. The motion prevailed. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S. F. No. 1567 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS—CONTINUED

Messrs. Tennesen, Coleman, Stokowski, Sikorski, Chmielewski and Mrs. Staples introduced—

Senate Resolution No. 32: A Senate resolution relating to Stanislaw Skrowaczewski; extending the gratitude of the people of the state of Minnesota for his contributions to the state.

Referred to the Committee on Rules and Administration.

Mr. Tennesen moved that H. F. No. 738 be taken from the table. The motion prevailed.

Mr. Tennesen moved that H. F. No. 738 be given its second reading. The motion prevailed.

H. F. No. 738 was read the second time.

Mr. Tennesen moved that H. F. No. 738 be laid on the table. The motion prevailed.

Mr. Coleman moved that the Senate do now adjourn until 1:30 o'clock p.m., Monday, May 14, 1979. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FIFTY-THIRD DAY

St. Paul, Minnesota, Monday, May 14, 1979

The Senate met at 1:30 o'clock p.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Engler	Kirchner	Olhoft	Sikorski
Bang	Frederick	Kleinbaum	Penny	Spear
Benedict	Gearty	Knaak	Peterson	Staples
Bernhagen	Gunderson	Laufenburger	Pillsbury	Stokowski
Brataas	Hanson	Lessard	Purfeerst	Strand
Chmielewski	Hughes	McCutcheon	Rued	Ulland, J.
Coleman	Humphrey	Menning	Schmitz	Willet
Davies	Jensen	Merriam	Setzepfandt	
Dunn	Johnson	Nelson	Sieloff	

The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Wayne Kendrick.

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

Anderson	Frederick	Knoll	Olson	Sillers
Ashbach	Gearty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessen
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoft	Sikorski	Willet

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Mr. Schrom was excused from the Session of today. Mr. Sillers was excused from the Session of today until 3:00 o'clock p.m.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received and referred to the committee indicated.

April 27, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

The following appointments to the State Council on Affairs of Spanish-Speaking People are hereby respectfully submitted to the Senate for confirmation as required by law:

JoAnn Cardenas de Enos, 149 Exeter Place, St. Paul, Ramsey County, has been appointed by me, effective May 3, 1979, for a term expiring June 30, 1981.

Fidelina Lopez de Fischer, 745 14th Avenue South, St. Cloud, Stearns County, has been appointed by me, effective May 3, 1979, for a term expiring June 30, 1981.

Alex Frank Gallegos, 1252 Ashland Street, St. Paul, Ramsey County, has been appointed by me, effective May 3, 1979, for a term expiring June 30, 1981.

Efren Tovar, 414½ NW Third Street, East Grand Forks, Polk County, has been appointed by me, effective May 3, 1979, for a term expiring June 30, 1981.

(Referred to the Committee on General Legislation and Administrative Rules.)

Sincerely,

Albert H. Quie, Governor

May 10, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S. F. Nos. 466, 668 and 1388.

Sincerely yours,

Albert H. Quie, Governor

May 10, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
	67	75	May 10	May 10
	1214	76	May 10	May 10
	1436	77	May 10	May 10
466		78	May 10	May 10
668		79	May 10	May 10
1388		80	May 10	May 10

Sincerely,
Joan Anderson Growe,
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 491, 601, 923, 871, 1158 and 1436.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1979

Mr. President:

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

S. F. No. 719: A bill for an act relating to education; permitting a school district to sell certain buildings at auction; setting conditions for the sale.

Senate File No. 719 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1979

CONCURRENCE AND REPASSAGE

Mr. Jensen moved that the Senate concur in the amendments by the House to S. F. No. 719 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 719 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Anderson	Frederick	Knaak	Penny	Staples
Ashbach	Gearty	Knoll	Perpich	Stokowski
Bang	Gunderson	Knutson	Peterson	Strand
Benedict	Hanson	Laufenburger	Pillsbury	Stumpf
Bernhagen	Hughes	Lessard	Purfeerst	Tennessee
Brataas	Humphrey	Luther	Rued	Ueland, A.
Chenoweth	Jensen	Menning	Schaaf	Ulland, J.
Chmielewski	Johnson	Merriam	Schmitz	Vega
Coleman	Keefe, J.	Moe	Setzepfandt	Wegener
Davis	Keefe, S.	Nelson	Sieloff	Willet
Dunn	Kirchner	Nichols	Sikorski	
Engler	Kleinbaum	Olhoft	Spear	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 801: A bill for an act relating to non-alcoholic beverages; requiring laboratory examination of certain beverages; deleting registration exemption for identified beverages; amending Minnesota Statutes 1978, Section 34.05, Subdivision 1; repealing Minnesota Statutes 1978, Section 34.05, Subdivision 2.

Senate File No. 801 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1979

Mr. Knutson moved that S. F. No. 801 be laid on the table. The motion prevailed.

Mr. President:

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

S. F. No. 856: A bill for an act relating to public health; authorizing waiver of minimum health maintenance organization requirements for demonstration projects; amending Minnesota Statutes 1978, Chapter 62D, by adding a section.

Senate File No. 856 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 11, 1979

Mrs. Staples moved that the Senate do not concur in the amendments by the House to S. F. No. 856 and that a Conference

Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 772: A bill for an act relating to highways; allowing private landowners to install drainage tiles in highway right-of-way; amending Minnesota Statutes 1978, Section 160.20, by adding a subdivision.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Kvam, Ludeman, Fudro and McEachern.

House File No. 772 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 11, 1979

Mr. Penny moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 772, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 260: A bill for an act relating to health; providing for health planning; requiring certificates of need for construction or modification of certain health care facilities and services; repealing Minnesota Statutes 1978, Sections 145.71 to 145.831.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Carlson, L.; Berglin; Heinitz and Kaley.

House File No. 260 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 11, 1979

Mrs. Staples moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 260, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 261: A bill for an act relating to municipal industrial development; amending the definition of project; requiring a notice and hearing; amending Minnesota Statutes 1978, Sections 474.01, Subdivision 7a, and by adding a subdivision; 474.02, Subdivision 1c, and by adding a subdivision; and 474.12.

Six members of the House have been appointed to a Conference Committee on the part of the House as follows: Schreiber, Pleasant, Haukoos, Kroening, Casserly and Waldorf.

House File No. 261 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 11, 1979

Mr. Humphrey moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 261, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 368, 1050, 277, 257, 877 and 1495.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 11, 1979

FIRST READING OF HOUSE BILLS

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

H. F. No. 368: A bill for an act relating to community social services; establishing a formula for allocating state and federal funds to counties for the administration and provision of community social services; providing for community social service tax levies; prescribing the duties of county boards and the commissioner of public welfare; establishing an experimental program of services for chronically mentally ill persons; appropriating money; amending Minnesota Statutes 1978, Sections 245.61; 245.62; 245.63; 245.64; 245.66; 245.68; 245.69; 245.84, Subdivisions 1 and 5; 245.85; 245.-87; 252.21; 252.22; 252.24, Subdivisions 1, 3 and 4; 252.25; 252.26; 252.261; 253A.02, by adding a subdivision; 253A.07, Subdivisions 1 and 7; 253A.09, Subdivision 1; 253A.10, Subdivision 4; 253A.14, Subdivision 1; 253A.15, Subdivisions 6, 11, 12 and 13; 254A.05, Subdivision 1; 254A.07, Subdivisions 1 and 2; 254A.08, Subdivision 1; 254A.12; 254A.14; and 254A.16, Subdivision 2; repealing Minnesota

Statutes 1978, Sections 245.65; 245.651; 245.691; 254A.07, Subdivision 3; 254A.08, Subdivision 3; and 254A.17.

Referred to the Committee on Finance.

H. F. No. 1050: A bill for an act relating to the department of veterans affairs; increasing the bed capacity at the Hastings veterans home; eliminating the requirement of certain informational reports relating to the interment of deceased veterans; amending Minnesota Statutes 1978, Section 198.31; repealing Minnesota Statutes 1978, Section 149.07.

Referred to the Committee on Veterans' Affairs.

H. F. No. 277: A bill for an act relating to shade tree disease control; authorizing grants for municipal shade tree removal and reforestation programs; amending Minnesota Statutes 1978, Sections 18.023, Subdivisions 1 and 3a; and 275.50, Subdivision 6.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 519, now in the Subcommittee on Bill Scheduling.

H. F. No. 257: A bill for an act relating to taxation; providing standards and procedures for tax increment financing; authorizing the issuance of bonds; authorizing tax increment financing for the payment of principal and interest on such bonds; providing limitation on extent of districts to which tax increment financing applies; amending Minnesota Statutes 1978, Sections 362A.05; 458.192, Subdivision 11; 462.545, Subdivision 5; 462.585, Subdivisions 2, 3 and 4; 472A.06; 472A.07, by adding a subdivision; 473F.02, Subdivision 3; 473F.05; 473F.08, Subdivisions 2, 4 and 6; 474.10, Subdivisions 2 and 3; and Chapter 273, by adding sections; repealing Minnesota Statutes 1978, Sections 458.192, Subdivision 12; 472A.02, Subdivision 3; 472A.07, Subdivision 4; and 472A.08.

Referred to the Committee on Taxes and Tax Laws.

H. F. No. 877: A bill for an act relating to insurance premium finance companies; authorizing finance charges at rates permitted by the general usury provisions; amending Minnesota Statutes 1978, Section 59A.09, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1339 now on Special Orders.

H. F. No. 1495: A bill for an act relating to taxation; providing for an ad valorem tax on railroads in lieu of the gross earnings tax; repealing limited market value; changing homestead base value; decreasing classification ratios on certain property; establishing a new category for certain residential nonhomestead property; increasing homestead credit percentages and maximum amounts; increasing agricultural aid credit; extending 3cc classification to qualifying mobile homeowners; extending 3cc classification to the surviving spouse of certain deceased veterans, blind

and disabled persons; changing income sources and requirements for owners of 3cc property; allowing homestead owned by joint tenant to qualify for 3cc classification; providing for deferred assessment of value added by historical preservation; providing an exclusion of \$12,000 for pension income; excluding pensions of nonresidents from gross income; expanding the taxable net income brackets for individuals, estates and trusts; increasing personal, dependent, special credits and credits for certain low income taxpayers; providing for inflation adjustment to income tax and property tax refund brackets and credits; providing residential energy credit; allowing use of lump sum distribution tax computation for certain severance pay; altering the definition of gross income for income tax purposes for individuals, trusts and estates; placing restrictions on certain deductions; making certain changes in the minimum tax and in the treatment of small business corporations; allowing a ten year carryback of products liability losses; allowing adjustments to basis; allowing deductions for employer contributions to simplified employee plans; excluding from income certain payments to members of the armed services; increasing the maximum income tax credit for political contributions; providing an income tax deduction for certain political contributions; conforming individual deductions for business expenses, taxes, disaster losses, medical expenses and charitable contributions to federal deductions; removing certain limitations on the dependent care credit; standardizing the personal, dependent and special credits; increasing the standard deduction; updating the definition of income for property tax refund purposes; expanding inheritance and gift tax exemptions and credits; establishing a presumption of contribution by a spouse in property held jointly with the decedent; adjusting homestead exemption for inheritance tax purposes; providing a tax credit for feedlot and pollution control equipment; providing an income tax credit to a Minnesota resident for income taxes paid to a province or territory of Canada; reducing the income tax rate applicable to corporations; clarifying the purposes for which an additional property tax levy by governmental subdivisions is authorized; authorizing an additional property tax levy by governmental subdivisions in certain cases; providing for the calculation of tax levy limitations for governmental subdivisions; clarifying the taxable status of Title II property owned by a non-profit entity; providing that the commissioner of revenue shall administer and enforce the Minnesota unfair cigarette sales act; reducing the sales tax on newsprint and ink; excluding certain feminine hygiene products from the sales tax; exempting from the sales tax the furnishing of water and sewer services for residential use; providing for municipal regulation of subdivisions; providing penalties; appropriating money; amending Minnesota Statutes 1978, Sections 270.06; 272.02, Subdivision 1; 273.11; 273.122; 273.13, Subdivisions 4, 6, 6a, 7, 14a and 19; 273.132; 273.17, Subdivision 1; 275.11, Subdivision 2; 275.50, Subdivisions 5 and 6; 275.51, by adding a subdivision; 275.52, Subdivisions 2 and 5; 290.01; 290.21, Subdivision 3a; 290.971, Subdivision 5; 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; 295.14; and 462.352, Subdivision 4.

Mr. Coleman moved that H. F. No. 1495 be laid on the table. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe from the Committee on Finance, to which was referred

H. F. No. 451: A bill for an act relating to parking privileges for handicapped persons; defining terms; extending the uses, in relation to parking privileges, of the special license plates issued to physically handicapped persons and clarifying the meaning of unauthorized use of those plates; recognizing parking certificates, insignia or license plates issued to handicapped persons by other jurisdiction; modifying the criteria for posted signs designating handicapped parking spaces; imposing penalties; amending Minnesota Statutes 1978, Sections 168.021, Subdivisions 3 and 5, and by adding a subdivision; 169.345; and 169.346, Subdivisions 1, 2 and 3.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 168.021, is amended by adding a subdivision to read:

Subd. 1a. [SCOPE OF PRIVILEGE.] If any physically handicapped person parks a vehicle displaying license plates described in this section or any person parks such a vehicle while transporting a physically handicapped person, that person shall be entitled to courtesy in the parking of the vehicle and be relieved of any liability with respect to parking except as provided in sections 169.32 and 169.34; provided that any municipal governing body may, by ordinance, prohibit parking on any street or highway for the purpose of creating a fire lane, or to provide for the accommodation of heavy traffic during morning and afternoon rush hours and the privileges extended to handicapped persons shall not apply on streets or highways where and at the time parking is prohibited. The license plates specified in this section shall also serve to identify vehicles properly parked in designated handicapped parking spaces, as provided in section 169.346.

Sec. 2. Minnesota Statutes 1978, Section 168.021, Subdivision 3, is amended to read:

Subd. 3. [UNAUTHORIZED USE OF PLATE.] A person who appropriates or uses the plate provided in this section upon a motor vehicle other than as authorized by this section is guilty of a gross misdemeanor. This subdivision does not preclude a person who is not physically handicapped from operating a vehicle upon which these plates are displayed where he is the owner of the vehicle and permits its operation by a physically handicapped person, or where he operates the vehicle with the consent of the

owner who is physically handicapped. *A non-handicapped driver is not entitled to the parking privileges provided in this section and in section 169.346 unless he is accompanied by and driving under the direction of a physically handicapped person.*

Sec. 3. Minnesota Statutes 1978, Section 168.021, Subdivision 5, is amended to read:

Subd. 5. [DEFINITIONS.] For the purposes of this section, a "physically handicapped person" is hereby defined as means a person who has sustained an amputation or suffered the permanent loss of use of one leg or both legs material disability of either or both arms or legs, or who has been otherwise disabled in any manner, rendering it difficult and burdensome for the person to walk.

Sec. 4. Minnesota Statutes 1978, Section 169.345, is amended to read:

169.345 [PARKING PRIVILEGES FOR PHYSICALLY HANDICAPPED.] Subdivision 1. [SCOPE OF PRIVILEGE.] Any physically handicapped person who displays prominently upon the automobile vehicle parked by him or under his direction and for his use, the distinguishing certificate or insignia specified in this section shall be entitled to courtesy in the parking of such automobile the vehicle and be relieved of any liability with respect to parking except as provided in sections 169.32, and 169.34; provided that any municipal governing body may, by ordinance, prohibit parking on any street or highway for the purpose of creating a fire lane, or to provide for the accommodation of heavy traffic during morning and afternoon rush hours and the privileges extended to such handicapped persons shall not apply on streets or highways where and at such time parking is prohibited. *The certificate specified in this section shall also serve to identify vehicles properly parked in designated handicapped parking spaces as provided in section 169.346.*

Subd. 2. [DEFINITIONS.] *For the purpose of this section physically handicapped as employed herein shall include means any person who has sustained an amputation or material disability of either or both arms or legs, or who has been otherwise disabled in any manner rendering it difficult and burdensome for him to walk.*

Subd. 3. [IDENTIFYING CERTIFICATE.] *The motor vehicles division of driver and vehicle services in the department of public safety shall issue without charge a special identifying certificate or insignia for a marked motor vehicle to any physically handicapped applicant upon submission by the applicant of a certificate by a qualified physician to the division that he is a physically handicapped person within the meaning of subdivision 2.*

The commissioner of public safety shall determine the form, size and promulgate rules and regulations governing their issuance and use necessary to carry out the provisions of this section. The physician's certificate shall specify whether the disability is permanent or temporary, and if temporary, the opinion of the physi-

cian as to the duration of the disability. The commissioner may issue special identifying certificates or insignia to temporarily physically handicapped persons for limited periods of time.

Subd. 4. [REVOCAION, PENALTY.] If the police of the state or any city, or other local government shall find that such the certificate or insignia is being improperly used, they may report to the motor vehicles division of driver and vehicle services in the department of public safety any such violation and the commissioner of public safety may, in his discretion, remove the privilege.

It is unlawful and punishable as hereinafter provided for any person who is not physically handicapped to exercise the privilege granted a physically handicapped person under subdivision 1.

Sec. 5. Minnesota Statutes 1978, Section 169.346, Subdivision 1, as amended by Laws 1979, Chapter 31, Section 3, is amended to read:

169.346 [PARKING FOR PHYSICALLY HANDICAPPED; PROHIBITIONS; PENALTIES.] Subdivision 1. No person shall park a motor vehicle in a parking space designated and reserved for the physically handicapped, on either private or public property, unless:

(a) That person is a physically handicapped in a manner rendering it difficult, dangerous or impossible for the person to walk; the person was operating the vehicle under the direction of a person who is physically handicapped in this manner person as defined in section 169.345, subdivision 2, or the person was operating the vehicle while is transporting such a physically handicapped persons person ; and

(b) The vehicle visibly displays the certificate or insignia license plate issued to physically handicapped persons or the certificate issued to persons transporting physically handicapped persons by the department of public safety pursuant to sections 169.345, subdivision 3, or 168.021 or if the vehicle visibly displays an equivalent certificate, insignia or license plate issued by another state or one of its political subdivisions .

Sec. 6. Minnesota Statutes 1978, Section 169.346, Subdivision 2, is amended to read:

Subd. 2. Handicapped parking spaces shall be designated and identified by the posting of signs incorporating the international symbol of access in white on blue and indicating that the parking space is reserved for the handicapped with vehicles displaying the required certificate license plates or insignia . The posting of signs shall be in accordance with the state building code established by rule of the commissioner of administration pursuant to section 16.85, when the location of the parking spaces on public or private lands is within the purview of the state building code, and in accordance with the manual on uniform traffic control devices adopted by the commissioner of transportation pursuant to section 169.06, when the parking spaces are on streets and highways. Spaces which have been clearly identified for handicapped parking by signs which are not in compliance with the design standards as

set forth in this subdivision shall also be deemed designated and reserved for the physically handicapped for the purposes of this section. A sign posted for the purpose of this section shall be visible from inside a vehicle parked in the space and shall be kept clear of snow or other obstructions which block its visibility.

Sec. 7. Minnesota Statutes 1978, Section 169.346, Subdivision 3, is amended to read:

Subd. 3. Any person who violates the provisions of subdivision 1 shall be fined \$10. This subdivision shall be enforced in the same manner as parking ordinances or regulations are enforced in the governmental subdivision in which the violation occurs. A handicapped person charged with violating subdivision 1 because he parked in a handicapped parking space without the required certificate or insignia shall not be convicted if he produces in court or prior to the court appearance the required certificate or insignia and demonstrates that he was entitled to the certificate or insignia at the time of arrest or tagging.

Sec. 8. [EFFECTIVE DATE.] *This act is effective the day following final enactment.*

Amend the title as follows:

Page 1, line 15, after "1," insert "as amended,"

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 1101: A bill for an act relating to taxation; altering the penalty to be imposed upon assessment districts having large coefficients of dispersion; delaying the effective date of imposition of the penalty; amending Minnesota Statutes 1978, Section 477A.04, Subdivisions 1 and 2.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 477A.04, is amended to read:

477A.04 [ASSESSMENT DISPERSION PENALTY.] Subdivision 1. To encourage the proper assessment of property an assessment dispersion penalty shall be imposed on assessment districts as provided in subdivision 2. Each city or town which employs a local assessor, either singly or jointly with other cities or towns, shall be considered an assessment district for purposes of this section. Any two or more cities or towns which enter into an agreement pursuant to section 471.59, for the assessment of property in the contracting units, shall for purposes of this section be a single assessment district. The balance of each county, including any city or town which contracts with the county for assessment

of property therein, shall be deemed a single assessment district for purposes of this section. *Any city or town located within a county where a county-wide assessing system has been adopted pursuant to section 273.052 or Laws 1974, Chapter 435, Article 3, Section 3.06, shall for the purposes of this section be considered a single assessment district.*

The coefficient of dispersion for each assessment district shall be determined by the equalization aid review committee of the department of revenue, *based on a comparison of estimated market values and sales prices over an 18-month period*. The coefficient of dispersion shall be determined on the assessor's market value before the limitation provided in section 273.11, subdivision 2. The population shall be the number of persons residing in the assessment district according to the *1970 most recent federal census*.

Subd. 2. Beginning in calendar year ~~1980~~ 1981 and subsequent years, an assessment district *penalty shall be penalized calculated* according to the following schedule:

(a) \$1 per capita, *not to exceed five percent of the local government aid payment amount for which the assessment district would otherwise qualify under section 477A.01*, if the coefficient of dispersion in assessments for the preceding year is more than ~~10~~ 20 percent but less than ~~12.5~~ 25 percent;

(b) \$3 per capita, *not to exceed ten percent of the local government aid payment amount for which the assessment district would otherwise qualify under section 477A.01*, if the coefficient of dispersion in assessments for the preceding year is at least ~~12.5~~ 25 percent but no more than ~~15~~ 30 percent;

(c) \$5 per capita, *not to exceed fifteen percent of the local government aid payment amount for which the assessment district would otherwise qualify under section 477A.01*, if the coefficient of dispersion in assessments for the preceding year is greater than ~~15~~ 30 percent.

Subd. 3. The amount of assessment district ~~penalty resulting from this section~~ *determined according to subdivision 2 shall be deducted from the local government aid payments to the assessment district as provided in section 477A.01, except that for any assessment district located in any county where a county-wide assessing system has been adopted pursuant to section 273.052 or Laws 1974, Chapter 435, Article 3, Section 3.06, an amount equivalent to the assessment district penalty shall be deducted from the county aid portion of the local government aid provided in section 477A.01; if no aid or an insufficient amount of aid is provided to the county pursuant to section 477A.01, then an amount equivalent to the assessment district penalty shall be deducted from the county share of payments made to the county auditor pursuant to section 273.13, subdivision 15a.*

Amend the title as follows:

Page 1, line 6, after "477A.04" delete the comma and insert a period

Page 1, delete line 7

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

H. F. No. 1167: A bill for an act relating to taxation; lowering the excise tax on natural and artificial sparkling wines on a temporary basis.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 736: A bill for an act relating to taxation; providing for the distribution of proceeds of taxation of electric transmission and distribution lines; eliminating certain annual payments by utilities; amending Minnesota Statutes 1978, Section 273.42; repealing Minnesota Statutes 1978, Section 116C.635.

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

Pages 1 and 2, delete section 1 and insert:

"Section 1. Minnesota Statutes 1978, Section 273.36, is amended to read:

273.36 [ELECTRIC LIGHT AND POWER COMPANIES.] Personal property of electric light and power companies having a fixed situs in any city in this state, *except property assessed pursuant to section 273.38*, shall be listed and assessed where situated, without regard to where the principal or other place of business of the company is located.

Sec. 2. Minnesota Statutes 1978, Section 273.38, is amended to read:

273.38 [PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.] The commissioner of revenue shall assess at five percent of market value distribution lines, and the attachments and appurtenances thereto, used primarily for supplying electricity to farmers at retail, and which shall be taxed at the average rate of taxes levied for all purposes throughout the county, and which shall be entered, *on the tax lists by the county auditor against the owner thereof, certified to the county treasurer at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited as provided in section 273.42 to the general revenue fund of the county.* It is further provided that the distribution lines and the attachments and appurtenances thereto of cooperative associations organized under the provisions of Laws 1923, Chapter 326, and laws amendatory thereof and supplemental thereto, and engaged in the electrical heat, light and power business, upon a mutual, non-profit and cooperative plan, shall be assessed and taxed as provided in sections 273.40 and 273.41."

Page 2, line 12, delete "*Subd. 2*" and insert:

"Sec. 3. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.424] [PROPERTY TAX CREDIT.]"

Page 2, line 24, delete "*and distribution*"

Page 2, line 25, delete "273.42" and insert "273.36"

Page 2, line 33, after the period insert "*The auditor of the county in which the affected parcel is located shall calculate the amount of the credit due for each parcel and transmit that information to the county treasurer. The county auditor, in computing the credits received pursuant to sections 273.13 and 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this section.*"

Sec. 4. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.425] [ADJUSTMENT OF LEVY.] *When preparing tax lists pursuant to section 275.28 for each levy year for which credits will be payable under section 1, the county auditor shall deduct from the assessed valuation of the property within the county an amount equal to ten percent of the assessed valuation of transmission lines with respect to which a credit is to be paid. The mill rate necessary to be applied to this reduced total valuation in order to raise the required amount of tax revenue for the local taxing authorities shall be applied to the value of all taxable property in the county, including the entire valuation of those transmission lines. The proceeds of the tax levied against the excluded ten percent of the value of those transmission lines shall be available for purposes of funding of the credit provided in section 1. If the amount of that portion of the levy exceeds the amount necessary to fund the credits, the excess shall be distributed to the taxing districts within which the affected property is located in proportion to their respective mill rates, to be used for general levy purposes."*

Page 3, line 1, after "[REPEALER.]" insert "*Subdivision 1.*"

Page 3, after line 2, insert:

"*Subd 2. Minnesota Statutes 1978, Sections 273.37 and 273.42 are repealed.*"

Page 3, line 3, delete "*Section 1*" and insert "*Sections 1 to 4 and section 5, subdivision 2,*"

Page 3, line 6, delete "2" and insert "*5, subdivision 1,*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "*Section 273.42*" and insert "*Sections 273.-36; and 273.38; and Chapter 273, by adding sections*"

Page 1, line 7, delete "*Section*" and insert "*Sections*" and after "*116C.635*" insert "*; 273.37; and 273.42*"

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

Mr. Coleman from the Committee on Rules and Administration, to which was referred

H. F. No. 1364 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
1364	1343				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which were referred

H. F. Nos. 1198, 567, 970 and 907 for comparison with companion Senate Files, reports the following House Files were found not identical with their companion Senate Files as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
1198	1292				
567	838				
970	1314				
907	959				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1198 be amended as follows:

Page 1, after line 10 insert:

"Section 1. Minnesota Statutes 1978, Section 97.50, Subdivision 1, is amended to read:

97.50 [POLICE POWERS.] Subdivision 1. The commissioner, director, game refuge patrolmen, and conservation officers are hereby authorized and empowered to execute and serve all warrants and processes issued by any justice of the peace or magistrate or by any court having jurisdiction under any law relating to wild animals, wild rice, use of water, conservation, protection or control of public waters, state-owned dams or other works affecting public waters or water pollution, in the same manner as any constable or sheriff may do so, and to arrest, without a warrant, any person detected in the actual violation of any provisions of chapters 84, 97 to 102, 105 and 106, and ~~section sections~~ 609.66 and 609.68, and acts amendatory thereof, and to take such person

before any court in the county in which the offense was committed and make proper complaint.

When a person is arrested for any violation of the provisions of the above named chapters, punishable as a misdemeanor, and is not taken into custody and immediately taken before a court or magistrate, the arresting officer shall prepare, in quadruplicate, written notice to appear before a court or magistrate. This notice has the effect of, and serves as, a summons and complaint. The notice shall be in the form of a summons and complaint and shall contain the name and address of the person arrested, the offense charged, and the time and the place he is to appear before the court or magistrate. This place must be before a court or magistrate who has jurisdiction within the county in which the offense charged is alleged to have been committed.

In order to secure release, without being taken into custody and immediately taken before the court or magistrate, the arrested person must give his written promise so to appear before the court or magistrate by signing, in quadruplicate, the written notice prepared by the arresting officer. The officer shall retain the original of the notice and deliver the copy thereof marked "summons" to the person arrested. Thereupon the officer shall release the person from custody.

On or before the return day the officer shall make a return thereof to the court or magistrate before whom the notice or summons is returnable. If the person so summoned fails to appear on the return day the court or magistrate shall issue a warrant for his arrest, and upon his arrest proceedings shall be had as in other cases."

Page 3, delete lines 15 to 33

Page 4, delete lines 1 to 24 and insert:

"Sec. 5. Minnesota Statutes 1978, Section 100.29, Subdivision 30, is amended to read:

Subd. 30. *Unless authorized by commissioner's order, it shall be unlawful to use a snowmobile or any type of all-terrain vehicle during the season open for the taking of beaver or otter and for two days thereafter, for the purpose of transporting or checking beaver or otter traps or transporting beaver or otter carcasses or pelts. However, the commissioner may issue a special permit to use a snowmobile or all-terrain vehicle to transport or check beaver or otter traps, or to transport beaver or otter carcasses or pelts, to any licensed trapper having any of the physical disabilities described in section 98.48, subdivision 12. The permit shall be issued in the same manner as provided in section 98.48, subdivision 12.*

Sec. 6. [EFFECTIVE DATE.] *This act is effective the day following final enactment.*"

Renumber the sections accordingly

Further, amend the title as follows:

Page 1, delete lines 5 to 8 and insert:

"amending Minnesota Statutes 1978, Section 97.50, Subdivision 1; 98.45, Subdivision 1; 100.27, Subdivision 4; and 100.29, Subdivisions 7 and 30."

And when so amended H. F. No. 1198 will be identical to S. F. No. 1292, and further recommends that H. F. No. 1198 be given its second reading and substituted for S. F. No. 1292, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 567 be amended as follows:

Page 1, line 21, delete "*notice of such monitoring*" and insert "*monitoring shall be accompanied by a beep or electronic tone at 15 second intervals to inform parties of the monitoring. Notice of the purpose and effect of the beep or electronic tone shall be published in each telephone directory.*"

Delete page 1, line 22, to page 2, line 4

Page 2, after line 27, insert

"The monitoring or observation of a telephone communication as authorized by this clause shall be accompanied by a beep or an electronic tone at 15 second intervals to inform parties of the interception, unless a party to the communication is a transportation common carrier, or an agent or employee thereof, engaged in providing reservation or informational services."

And when so amended H. F. No. 567 will be identical to S. F. No. 838, and further recommends that H. F. No. 567 be given its second reading and substituted for S. F. No. 838, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 970 be amended as follows:

Page 2, line 2, delete the colon

Page 2, line 3, delete "*minor*"

Page 2, line 8, delete "*such*" and insert "*the*"

Page 2, after line 9 insert:

"This clause shall be effective when the individual has been paid four times the individual's weekly benefit amount in the current benefit year."

Page 2, line 10, after "Sec. 2." insert "[EFFECTIVE DATE.]"

Page 2, line 11, delete "*and*" and insert "*or*"

Further, amend the title as follows:

Page 1, lines 3 and 4, delete "*and relatives of certain businesses*" and insert "*of employing units*"

And when so amended H. F. No. 970 will be identical to S. F. No. 1314, and further recommends that H. F. No. 970 be given

its second reading and substituted for S. F. No. 1314, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 907 be amended as follows:

Page 2, line 14, delete "*this act*" and insert "*sections 3 to 6*"

Page 2, line 18, delete "*this act*" and insert "*sections 3 to 6*"

Page 2, line 26, delete "*this act*" and insert "*sections 3 to 6*"

Page 2, lines 30 and 31, delete "*this act*" and insert "*sections 3 to 6*"

Page 3, line 7, delete "*this act*" and insert "*sections 3 to 6*"

Page 3, line 8, delete "*this act*" and insert "*sections 3 to 6*"

Page 3, line 22, delete "*this act*" and insert "*sections 3 to 6*"

Page 3, line 25, delete "*this act*" and insert "*sections 3 to 6*"

Page 3, line 30, delete "*this act*" and insert "*sections 3 to 6*"

Page 4, lines 1 and 2, delete "*Sections 1 and 2 are effective August 1, 1979. Sections 3, 4, 5 and 6 are*" and insert "*This act shall be*"

And when so amended H. F. No. 907 will be identical to S. F. No. 959, and further recommends that H. F. No. 907 be given its second reading and substituted for S. F. No. 959, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 1101 and 736 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1364, 1198, 567, 970 and 907 were read the second time.

H. F. Nos. 451 and 1167 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Mr. Tennesen moved that the name of Mr. Sikorski be added as co-author to S. F. No. 636. The motion prevailed.

Mr. Chmielewski, for Mr. Schrom, moved that House Concurrent Resolution No. 5 be taken from the table. The motion prevailed.

Mr. Coleman moved that House Concurrent Resolution No. 5 be referred to the Committee on Rules and Administration. The motion prevailed.

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

SPECIAL ORDER

S. F. No. 758: A bill for an act relating to motor vehicles; providing for special license plates for former prisoners of war; prescribing penalties; amending Minnesota Statutes 1978, Chapter 168, by adding a section.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 43 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Lessard	Purfeerst	Staples
Ashbach	Hanson	Luther	Renneke	Stokowski
Benedict	Hughes	McCutcheon	Rued	Ueland, A.
Bernhagen	Johnson	Menning	Schaaf	Ulland, J.
Brataas	Keefe, J.	Moe	Schmitz	Vega
Chmielewski	Kirchner	Nelson	Setzepfandt	Wegener
Dunn	Knaak	Nichols	Sieloff	Willet
Engler	Knoll	Olhoff	Sikorski	
Gearty	Laufenburger	Penny	Solon	

Those who voted in the negative were:

Davies	Merriam	Spear	Stumpf	Tennessee
Keefe, S.				

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 624: A bill for an act relating to counties; fixing the amounts that may be spent for Memorial Day observances; amending Minnesota Statutes 1978, Sections 375.34; and 375.35.

Mr. Stumpf moved to amend H. F. No. 624 as follows:

Page 2, after line 5, insert:

"Sec. 3. Laws 1974, Chapter 435, Section 2.021, added by Laws 1977, Chapter 291, Section 2, is amended to read:

2.021 [TERM.] ~~In Ramsey county,~~ *In Ramsey county, In 1980 commissioners shall be elected from districts 3, 5 and 7. In 1982 commissioners shall*

be elected from districts 1, 2, 4 and 6. Each county commissioner shall be elected at the general election for a term of four years. If there is a redistricting of commissioner districts that requires that terms of incumbents be shortened, the terms of their successors shall be fixed so that four or three are regularly elected at successive general elections after the general election following the redistricting."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "providing for elections of commissioners in Ramsey County;"

Page 1, line 4, delete "and"

Page 1, line 5, before the period insert "; and Laws 1974, Chapter 435, Section 2.021, as amended"

The motion prevailed. So the amendment was adopted.

H. F. No. 624 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 54 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Laufenburger	Perpich	Spear
Bang	Hanson	Lessard	Peterson	Stokowski
Benedict	Humphrey	Luther	Pillsbury	Strand
Bernhagen	Johnson	McCutcheon	Purfeerst	Stumpf
Brataas	Keefe, J.	Menning	Renneke	Tennessee
Chenoweth	Keefe, S.	Merriam	Rued	Ueland, A.
Chmielewski	Kirchner	Moe	Schaaf	Ulland, J.
Davies	Kleinbaum	Nelson	Schmitz	Vega
Dunn	Knaak	Nichols	Setzepfandt	Wegener
Engler	Knoll	Olhoff	Sikorski	Willet
Gearty	Knutson	Penny	Solon	

Messrs. Ashbach and Hughes voted in the negative.

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

SPECIAL ORDER

H. F. No. 340: A bill for an act relating to the town of Leota in Nobles county; authorizing the establishment of a detached banking facility.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 42 and nays 12, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Luther	Purfeerst	Staples
Bang	Hughes	McCutcheon	Renneke	Stokowski
Bernhagen	Humphrey	Menning	Rued	Ueland, A.
Chenoweth	Johnson	Merriam	Schaaf	Ulland, J.
Chmielewski	Keefe, S.	Nelson	Setzepfandt	Vega
Davies	Kleinbaum	Nichols	Sieloff	Wegener
Dunn	Knaak	Olhoft	Sikorski	
Engler	Knoll	Perpich	Solon	
Gearty	Knutson	Peterson	Spear	

Those who voted in the negative were:

Benedict	Kirchner	Penny	Schmitz	Tennessee
Brataas	Laufenburger	Pillsbury	Strand	Willet
Keefe, J.	Lessard			

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 975: A bill for an act relating to cemeteries; providing for the preservation of burial grounds; imposing penalties; appropriating money; amending Minnesota Statutes 1978, Section 307.08.

Mr. Chmielewski moved to amend S. F. No. 975 as follows:

Page 4, after line 18, insert:

“Sec. 2. [REPEALER.] *Minnesota Statutes 1978, Section 149.07, is repealed.*”

Amend the title as follows:

Page 1, line 3, after the semicolon insert “eliminating obsolete provisions;”

Page 1, line 5, after “307.08” insert “; repealing Minnesota Statutes 1978, Section 149.07”

The motion prevailed. So the amendment was adopted.

S. F. No. 975: A bill for an act relating to cemeteries; providing for the preservation of burial grounds; eliminating obsolete provisions; imposing penalties; appropriating money; amending Minnesota Statutes 1978, Section 307.08; repealing Minnesota Statutes 1978, Section 149.07.

Was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Brataas	Davies	Gearty	Humphrey
Ashbach	Chenoweth	Dieterich	Gunderson	Johnson
Bang	Chmielewski	Dunn	Hanson	Keefe, J.
Benedict	Coleman	Engler	Hughes	Keefe, S.

Kirchner	Menning	Perpich	Setzepfandt	Tennessee
Kleinbaum	Merriam	Peterson	Sieloff	Ueland, A.
Knaak	Moe	Pillsbury	Sikorski	Uiland, J.
Knoll	Nelson	Purfeerst	Solon	Vega
Knutson	Nichols	Renneke	Spear	Wegener
Lesard	Ogdahl	Rued	Staples	Willet
Luther	Olhoff	Schaaf	Stokowski	
McCutcheon	Penny	Schmitz	Strand	

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

SPECIAL ORDER

H. F. No. 99: A bill for an act relating to criminal procedure; providing immunity from liability for peace officers who make good faith domestic assault arrests; amending Minnesota Statutes 1978, Section 629.341.

Mr. Davies moved to amend H. F. No. 99 as follows:

Page 1, line 14, after "person" insert "(1)"

Page 1, line 14, reinstate the stricken language

Page 1, line 14, before "if" insert "; or (2) when the person is threatening to return to his place of residence,"

The motion prevailed. So the amendment was adopted.

CALL OF THE SENATE

Mr. McCutcheon imposed a call of the Senate for the balance of the proceedings on H. F. No. 99. The following Senators answered to their names:

Anderson	Engler	Knoll	Peterson	Staples
Aashbach	Gearty	Laufenburger	Pillsbury	Stokowski
Bang	Gunderson	Lesard	Purfeerst	Strand
Benedict	Hanson	Luther	Renneke	Stumpf
Bernhagen	Hughes	McCutcheon	Rued	Tennessee
Brataas	Humphrey	Menning	Schaaf	Ueland, A.
Chenoweth	Jensen	Merriam	Schmitz	Uiland, J.
Chmielewski	Johnson	Moe	Setzepfandt	Vega
Coleman	Keefe, J.	Nelson	Sieloff	Wegener
Davies	Keefe, S.	Ogdahl	Sikorski	Willet
Dieterich	Kirchner	Penny	Solon	
Dunn	Knaak	Perpich	Spear	

The Sergeant at Arms was instructed to bring in the absent members.

Mr. Jensen moved to amend H. F. No. 99 as follows:

Page 1, line 11, delete "Subdivision 1."

Pages 1 and 2, delete subdivision 2

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 38, as follows:

Those who voted in the affirmative were:

Aashbach	Benedict	Dunn	Frederick	Keefe, J.
Bang	Dieterich	Engler	Jensen	Keefe, S.

Kirchner	Ogdahl	Renneke	Sillers	Ueland, A.
Knaak	Perpich	Sieloff	Spear	Ulland, J.
Luther	Pillsbury			

Those who voted in the negative were:

Anderson	Humphrey	Merriam	Rued	Strand
Bernhagen	Johnson	Moe	Schaaf	Stumpf
Coleman	Kleinbaum	Nelson	Schmitz	Tennessee
Davies	Knoll	Nichols	Setzepfandt	Vega
Gearty	Laufenburger	Olhoff	Sikorski	Wegener
Gunderson	Lessard	Penny	Solon	Willet
Hanson	McCutcheon	Peterson	Staples	
Hughes	Menning	Purfeerst	Stokowski	

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

H. F. No. 99 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 46 and nays 14, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Luther	Purfeerst	Strand
Benedict	Hughes	McCutcheon	Rued	Stumpf
Bernhagen	Humphrey	Merriam	Schaaf	Tennessee
Chmielewski	Johnson	Moe	Schmitz	Vega
Coleman	Kirchner	Nelson	Setzepfandt	Wegener
Davies	Kleinbaum	Nichols	Sikorski	Willet
Dieterich	Knaak	Olhoff	Sillers	
Dunn	Knoll	Penny	Solon	
Gearty	Laufenburger	Peterson	Staples	
Gunderson	Lessard	Pillsbury	Stokowski	

Those who voted in the negative were:

Ashbach	Frederick	Keefe, S.	Renneke	Ueland, A.
Bang	Jensen	Ogdahl	Sieloff	Ulland, J.
Engler	Keefe, J.	Perpich	Spear	

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

CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the proceedings on S. F. No. 1010. The following Senators answered to their names:

Anderson	Gearty	Knoll	Peterson	Stokowski
Ashbach	Gunderson	Laufenburger	Pillsbury	Strand
Bang	Hanson	Luther	Purfeerst	Stumpf
Benedict	Hughes	McCutcheon	Renneke	Tennessee
Bernhagen	Humphrey	Merriam	Rued	Ueland, A.
Chmielewski	Jensen	Moe	Schmitz	Ulland, J.
Coleman	Johnson	Nelson	Setzepfandt	Vega
Davies	Keefe, J.	Nichols	Sieloff	Wegener
Dieterich	Keefe, S.	Ogdahl	Sikorski	Willet
Dunn	Kirchner	Olhoff	Sillers	
Engler	Kleinbaum	Penny	Solon	
Frederick	Knaak	Perpich	Spear	

The Sergeant at Arms was instructed to bring in the absent members.

RECONSIDERATION

Mr. Luther moved that the vote whereby S. F. No. 1010, as amended, failed to pass the Senate on May 11, 1979, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 42 and nays 17, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Luther	Schaaf	Strand
Benedict	Hanson	Menning	Schmitz	Stumpf
Chenoweth	Hughes	Merriam	Setzepfandt	Tennessee
Chmielewski	Humphrey	Moe	Sieloff	Ulland, J.
Coleman	Johnson	Nelson	Sikorski	Vega
Dieterich	Keefe, J.	Nichols	Solon	Willet
Engler	Keefe, S.	Olhoft	Spear	
Frederick	Knaak	Penny	Staples	
Gearty	Knoll	Peterson	Stokowski	

Those who voted in the negative were:

Ashbach	Jensen	Ogdahl	Renneke	Wegener
Bernhagen	Kirchner	Perpich	Rued	
Davies	Laufenburger	Pillsbury	Sillers	
Dunn	Lessard	Purfeerst	Ueland, A.	

The motion prevailed. So the vote was reconsidered.

S. F. No. 1010: A bill for an act relating to elections; regulating the financing of political campaigns and disclosure of economic interests by certain candidates and elected officials in Hennepin County; imposing duties on the ethical practices board, county election officials, city clerks; superseding other special laws, home rule charters and local ordinances; imposing late filing fees and criminal penalties; repealing Laws 1977, Chapter 131.

Was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 36 and nays 24, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Menning	Schaaf	Strand
Benedict	Hughes	Merriam	Setzepfandt	Stumpf
Chenoweth	Humphrey	Moe	Sieloff	Ulland, J.
Chmielewski	Johnson	Nelson	Sikorski	Vega
Coleman	Keefe, J.	Nichols	Solon	
Dieterich	Keefe, S.	Olhoft	Spear	
Gearty	Knoll	Penny	Staples	
Gunderson	Luther	Peterson	Stokowski	

Those who voted in the negative were:

Bang	Frederick	Lessard	Purfeerst	Tennessee
Bernhagen	Kirchner	McCutcheon	Renneke	Ueland, A.
Davies	Kleinbaum	Ogdahl	Rued	Wegener
Dunn	Knaak	Perpich	Schmitz	Willet
Engler	Laufenburger	Pillsbury	Sillers	

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. McCutcheon moved that H. F. No. 1495 be taken from the table. The motion prevailed.

SUSPENSION OF RULES

Mr. McCutcheon moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 1495 and that the rules of the Senate be so far suspended as to give H. F. No. 1495 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 1495 was read the second time.

Mr. McCutcheon moved to amend H. F. No. 1495 as follows:

Delete everything after the enacting clause and insert:

“ARTICLE I: INCOME TAX

Section 1. Minnesota Statutes 1978, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term “gross income,” as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include “exempt function income” of a “homeowners association” as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended.

For each of the taxable years beginning after December 31, 1960 and prior to January 1, 1971, the term “gross income” in its application to individuals, estates, and trusts, shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through December 31, 1970 for the applicable taxable year, with the modifications specified in this section.

For each of the taxable years beginning after December 31, 1970, the term “gross income” in its application to individuals, estates, and trusts shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1970, shall be in effect for taxable years beginning after December 31, 1970 and prior to January 1, 1973.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1972, shall be in effect for taxable years beginning after December 31, 1972.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1973, shall be in effect for taxable years beginning after December 31, 1973.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H. R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of chapter 290 at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for non-recognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

The amendments made to sections 219(c) (3) and 220(c) (4) (extending the time for which a taxpayer is deemed to have made a contribution to an individual retirement account for the taxable year) by section 157(a) of P.L. 95-600 shall be effective for taxable years beginning after December 31, 1977.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any such other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for such reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for such previous taxable year.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint or separate Minnesota income tax returns. In the case of separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1976, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (7) or under section 290.09, subdivision 24; and

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101; and

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses realized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(13) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, as amended through December 31, 1976, if the nonprofit corporation is domiciled outside of Minnesota;

(14) Exempt-interest dividends, as defined in section 852(b) (5)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1976, not included in federal adjusted gross income pursuant to section 852(b) (5)(B) of the Internal Revenue Code of 1954, as amended through December 31, 1976, except for that

portion of such exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(15) The amount of any excluded gain realized by a trust on the sale or exchange of property as defined in section 641(c)(1).

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to fifty per centum of such portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of such securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from such losses;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether such amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code

of 1954, as amended through December 31, 1977. The maximum amount of this subtraction shall be ~~\$7,200~~ **\$10,000** less the sum of ~~(a) social security retirement benefits received during the taxable year, (b) railroad retirement benefits received during the taxable year, and (c) the amount by which the individual's federal adjusted gross income exceeds \$13,000~~ **\$15,000**. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be ~~\$7,200 less the sum of social security retirement benefits and railroad retirement benefits~~ **\$10,000**; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of ~~\$13,000~~ **\$15,000**;

(7) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain realized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(9) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later; and

(10) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed after December 31, 1977 and before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60;

(11) To the extent it is included in the federal adjusted gross income of the taxpayer, gain from the sale or exchange of property which has been owned and used by the taxpayer during the five-year period ending on the date of the sale or exchange as his principal residence for periods aggregating three years or more; provided that (i) the amount of the gain excluded from gross income under this clause shall not exceed \$100,000 or \$50,000 in the case of a separate return filed by a married individual; and (ii) this clause shall not apply to any sale or exchange by the taxpayer if an election by the taxpayer or his spouse under this clause with respect to any other sale or exchange is in effect. If the basis of the property sold or exchanged is determined in whole or in part under subsection (b) of section 1033 of the Internal Revenue Code of 1954, as amended through December, 31, 1978, relating to basis of property acquired through involuntary conversion, then the holding and use by the taxpayer of

the converted property shall be treated as holding and use by the taxpayer of the property sold or exchanged; and

(12) The first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation per personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota.

(c) Modifications affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954, or section 290.972 of this chapter.

(1) Shareholders in a small business corporation, which has elected to be so taxed under the Internal Revenue Code of 1954, but has not made an election under section 290.972 of this chapter, shall deduct from federal adjusted gross income the amount of any imputed income from such corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of such stock ownership. Also there shall be added to federal adjusted gross income the amount of any distributions in cash or property made by said corporation to its shareholders during the taxable year.

(2) In cases where the small business corporation has made an election under section 1372 of the Internal Revenue Code of 1954, but has not elected under section 290.972 of this chapter and said corporation is liquidated or the individual shareholder disposes of his stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, such shareholders shall be entitled, nevertheless, to a capital loss commensurate to their Minnesota basis for the stock.

(3) In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under section 290.972 of this chapter and at the close of the taxable year immediately preceding the effective election under section 290.972 the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954. In the event and to the extent that such reserve is distributed to shareholders such distribution shall be taxed as a dividend for purposes of this act.

Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that such amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account

of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1(2) in computing Minnesota inheritance tax liability shall not be allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07, and a waiver of the right to have such amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 2. Minnesota Statutes 1978, Section 290.012, Subdivision 3, is amended to read:

Subd. 3. "Dependent" means an individual dependent upon and receiving his chief support from the claimant. Payments for support of minor children as provided in section 290.872, subdivision 3 under a temporary or final decree of dissolution or legal separation, shall be considered as payments by the claimant for the support of a dependent. For the purposes of section 290.06, subdivision 3d, a spouse except a divorced or separated spouse shall be considered to be a dependent.

Sec. 3. Minnesota Statutes 1978, Section 290.06, Subdivision 3c, is amended to read:

Subd. 3c. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3a for taxable years which begin after December 31, 1977 1978 and before January 1, 1980, the taxes due under the after December 31, 1977, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

- (1) In the case of an unmarried individual ; and, except as provided in paragraph 6, in the case of the estate of a decedent, \$40 \$65, and in the case of a trust, \$5;
- (2) In the case of a married individual, living with husband or wife, and in the case of a head of a household, \$80 a spouse, \$130. If such husband and wife make the spouses file separate, combined or joint returns the personal exemption credits may be taken by either or divided between them;
- (3) In the case of an individual, \$40 \$65 for each person (other than husband or wife a spouse) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be

allowed this credit with respect to any given dependent. In the case of the head of a household, a credit for one dependent shall be disallowed. A payment to a divorced or separated wife spouse, other than a payment of the kind referred to in section 200.072, subdivision 3 for support of minor children under a temporary order or final decree of dissolution or legal separation, shall not be considered a payment by the husband other spouse for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$20 \$65 ;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$20 \$65 ;

(c) In the case of a married individual, living with husband or wife a spouse, an additional \$20 \$65 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$20 \$65 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make separate, combined or joint returns, these credits may be taken by either or divided between them;

(d) In the case of an individual, another \$65 for each person, other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;

(e) For the purposes of sub-paragraphs (b) and, (c) and (d) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(e) (f) In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$20 \$65.

(f) (g) In the case of a married individual, an additional \$20 \$65 for each spouse who is deaf at the close of the taxable year. If the husband and wife make spouses file separate, combined or joint returns, these credits may be taken by either or divided between them.

(g) (h) In the case of an individual, an additional \$20 \$65 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

(h) (i) For the purposes of subparagraphs (e), (f) and, (g) and (h) of paragraph (4), an individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.

(5) (a) If an unmarried individual qualifies for two or more additional credits under the provisions of clauses (4) (a), (4) (b) and (4) (e), the total amount of his credit shall be increased by \$10 for each additional credit in excess of one.

(b) If a married individual qualifies for more than one additional credit for either spouse under the provisions of clauses (4) (c) and (4) (f), the total amount of his credit shall be increased by \$10 for each additional credit in excess of one per spouse.

(a) In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$65;

(b) In the case of a married individual, living with a spouse, an additional \$65 for each spouse who is a quadriplegic at the close of the taxable year; and

(c) In the case of an individual, another \$65 for each person, other than a spouse, who is dependent upon and receiving his chief support from the taxpayer, and who is a quadriplegic at the close of the taxable year.

(6) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended;

(7) In the case of a non-resident individual, credits under paragraphs 1, 2, 3, 4 and 5 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income from all sources, and in any event a minimum credit of \$5 shall be allowed.

Sec. 4. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 3f. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3a, and subject to the provisions of subdivision 3g for taxable years which begin after December 31, 1979, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual and in the case of the estate of a decedent, \$87, and in the case of a trust, \$5;

(2) In the case of a married individual, living with a spouse, \$174. If the spouses file separate, combined or joint returns the personal credits may be taken by either or divided between them;

(3) In the case of an individual, \$87 for each person (other than a spouse) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. A payment to a divorced or separated spouse, other than a payment for support of minor children under a temporary order or final decree of dissolution or legal separation, shall not be considered a payment by the other spouse for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$87;

(b) *In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$87;*

(c) *In the case of a married individual, living with a spouse, an additional \$87 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$87 for each spouse who is blind at the close of the individual's taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them;*

(d) *In the case of an individual, another \$87 for each person, other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;*

(e) *For the purposes of sub-paragraphs (b), (c) and (d) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.*

(f) *In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$87.*

(g) *In the case of a married individual, an additional \$87 for each spouse who is deaf at the close of the taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them.*

(h) *In the case of an individual, an additional \$87 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.*

(i) *For the purposes of subparagraphs (f), (g) and (h) of paragraph (4), an individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.*

(5) (a) *In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$87;*

(b) *In the case of a married individual, living with a spouse, an additional \$87 for each spouse who is a quadriplegic at the close of the taxable year; and*

(c) *In the case of an individual, another \$87 for each person, other than a spouse, who is dependent upon and receiving his chief support from the taxpayer, and who is a quadriplegic at the close of the taxable year.*

(6) *In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended;*

(7) In the case of a non-resident individual, credits under paragraphs 1, 2, 3, 4 and 5 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income from all sources, and in any event a minimum credit of \$5 shall be allowed.

Sec. 5. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 3g. [INFLATION-ADJUSTMENT OF CREDITS.] For taxable years beginning after December 31, 1980, the credits provided for individuals in subdivision 3f shall be adjusted for inflation. The commissioner of revenue shall determine the percentage increase for each year in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The commissioner shall determine the percentage increase from August, 1979 to, in 1980, August, 1980 and in each subsequent year, to August of that year, and shall announce the percentage figure by October 1 each year. The dollar amount of each inflation adjusted credit for the prior year in subdivision 3f shall be multiplied by that percentage. The product of the calculation shall be added to the inflation adjusted credit for the prior year to produce the inflation adjusted individual credits for each succeeding year. If the product exceeds a whole dollar amount, it shall be raised to the next highest whole dollar. The commissioner of revenue shall adjust the withholding tax tables annually to take account of the changes in anticipated tax liability which will result from the adjustment provided in this subdivision. The revised tables shall be made available to employers no later than November 30 of 1980 and each year thereafter.

Sec. 6. Minnesota Statutes 1978, Section 290.06, Subdivision 3d, is amended to read:

Subd. 3d. [CREDITS AGAINST TAX.] The taxes due as computed in accordance with section 290.06, subdivisions 2c, 3c, and 3e shall be credited with the following amounts:

(1) (A) For taxable years beginning after December 31, 1978 and before January 1, 1980, a credit equal to his tax liability in the case of:

(a) An unmarried claimant with an income of ~~\$4,800~~ \$5,500 or less;

(b) A claimant with one dependent, with an income of ~~\$5,800~~ \$7,000 or less;

(c) A claimant with two dependents, with an income of ~~\$6,900~~ \$8,000 or less;

(d) A claimant with three dependents, with an income of ~~\$7,800~~ \$8,900 or less;

(e) A claimant with four dependents, with an income of ~~\$8,400~~ \$9,600 or less; and

(f) A claimant with five or more dependents, with an income of ~~\$8,000~~ \$10,000 or less.

(B) For taxable years beginning after December 31, 1979, a credit equal to his tax liability in the case of:

(a) An unmarried claimant with an income of \$6,000 or less;

(b) A claimant with one dependent, with an income of \$8,000 or less;

(c) A claimant with two dependents, with an income of \$9,000 or less;

(d) A claimant with three dependents, with an income of \$10,000 or less;

(e) A claimant with four dependents, with an income of \$10,500 or less; and

(f) A claimant with five or more dependents, with an income of \$11,000 or less.

(2) In the case of a claimant with an income in excess of that set forth in the appropriate category of clause (1), he may pay a tax equal to 15 percent of that portion of his income that is in excess of the amount set forth in the appropriate category of clause (1), or his tax obligation as it would have been in the absence of section 290.012 and this subdivision, whichever is less.

(3) The total income of the claimant and his spouse, if any, shall be the figure employed for the purposes of this subdivision. No individual dependent upon and receiving his chief support from any other individual may be a claimant under section 290.012 and this subdivision. The commissioner of revenue shall prescribe the additional forms or alterations in existing forms as necessary to comply with the provisions of section 290.012 and this subdivision. All claimants shall submit their returns on these forms.

The commissioner of revenue shall provide alternative tax tables which will include these credits.

Sec. 7. Minnesota Statutes 1978, Section 290.06, Subdivision 3e, is amended to read:

Subd. 3e. [PARENTS' CREDIT.] A credit of \$50 may be deducted from the tax due from the taxpayer and his spouse, if any, under this chapter if either the taxpayer or his spouse devotes his time to caring for his children and their home and is not employed outside of the home. A taxpayer would qualify for the credit if

(a) he has a child who is twelve years of age or younger residing in his home at any time during the taxable year; and

(b) if the taxpayer is married, either the taxpayer or his spouse remains unemployed throughout the taxable year for the purpose of caring for the child in the home; and

(c) the combined federal adjusted gross income of the taxpayer and his spouse, if any, is not in excess of \$25,000.

A married claimant shall file his income tax return for the year for which he claims the credit either jointly or separately on one form with his spouse. In the case of the married claimant, only one spouse may claim the credit.

Sec. 8. Minnesota Statutes 1978, Section 290.081, is amended to read:

290.081 [INCOME OF NONRESIDENTS, RECIPROCITY.]

(a) The compensation received for the performance of personal or professional services within this state by an individual who resides and has his place of abode and place to which he customarily returns at least once a month in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of his residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein, or

(b) Whenever a nonresident taxpayer has become liable for income taxes to the state where he resides upon his net income for the taxable year derived from the performance of personal or professional services within this state and subject to taxation under this chapter, there shall be allowed as a credit against the amount of income tax payable by him under this chapter, such proportion of the tax so paid by him to the state where he resides as his gross income subject to taxation under this chapter bears to his entire gross income upon which the tax so paid to such other state was imposed; provided, that such credit shall be allowed only if the laws of such state grant a substantially similar credit to residents of this state subject to income tax under such laws, or

(c) If any taxpayer who is a resident of this state, or a domestic corporation or corporation commercially domiciled therein, has become liable for taxes on or measured by net income to another state or a province of Canada upon, if the taxpayer is an individual or a resident estate or resident trust, any income, or if it is a corporation, upon income derived from the performance of personal or professional services within such other state or province of Canada and subject to taxation under this chapter he or it shall be entitled to a credit against the amount of taxes payable under this chapter, of such proportion thereof, as such gross income subject to taxation in such state or province of Canada bears to his entire gross income subject to taxation under this chapter; provided (1) that such credit shall in no event exceed the amount of tax so paid to such other state or province of Canada on the gross income earned within such other state and subject to taxation under this chapter, and (2) that such credit shall not be allowed if such other state or province of Canada allows residents of this state a credit against the taxes imposed by such state or province of Canada for taxes payable under this chapter substantially similar to the credit provided for by paragraph (b) of this section, and (3) the allowance of such credit shall not operate to reduce the taxes payable under this chapter to an amount less than would have been payable if the gross income earned in such other state

or province of Canada had been excluded in computing net income under this chapter.

(d) The commissioner shall by regulation determine with respect to gross income earned in any other state the applicable clause of this section. When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of clause (a) shall not apply.

(e) "Tax So Paid" as used in this section means taxes on or measured by net income payable to another state or province of Canada on income earned within the taxable year for which the credit is claimed, provided that such tax is actually paid in that taxable year, or subsequent taxable years.

(f) For the purposes of clause (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without clause (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without clause (a), or vice versa, then the state with the net revenue loss resulting from clause (a) shall receive from the other state the amount of such loss. This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.

If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chairman. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.

Notwithstanding the provisions of section 290.61, the commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that he will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

Sec. 9. Minnesota Statutes 1978, Section 290.09, Subdivision 15, is amended to read:

Subd. 15. [STANDARD DEDUCTION.] In lieu of all deductions provided for in this chapter other than those enumerated in section 290.18, subdivision 2, and in lieu of the credits enumerated

in section 290.21, subdivision 3, an individual may claim or be allowed a standard deduction as follows:

(a) If his adjusted gross income is \$10,000 or more, the standard deduction shall be \$1,000.

(b) If his adjusted gross income is less than \$10,000 Subject to modification pursuant to clause (b), the standard deduction shall be an amount equal to ten percent thereof of the adjusted gross income of the taxpayer, up to a maximum deduction of \$2,000; in the case in which a standard deduction tax table is provided by the commissioner of revenue pursuant to the provisions of section 290.06, subdivision 2, the standard deduction shall be available to individuals with adjusted gross income of less than \$20,000 only through the use of such table.

In the case of a husband and wife living together, the standard deduction shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction. *The combined maximum standard deduction available to a husband and wife shall not exceed \$2,000. The maximum amount available to them may be taken by either of them or divided between them, provided that neither spouse may take a standard deduction which exceeds ten percent of his own adjusted gross income.* For the purposes of this paragraph the determination of whether an individual is living with his spouse shall be made as of the last day of the taxable year unless the spouse dies during the taxable year in which case such determination shall be made as of the date of such spouse's death.

(b) For each taxable year beginning after December 31, 1980, the maximum amount of the standard deduction shall be adjusted for inflation. That amount shall be multiplied each year by the percentage increase in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area used for purposes of section 290.06, subdivision 3g. The product of the calculation shall be added to the dollar amount of the maximum standard deduction established in clause (a) to produce the inflation-adjusted maximum standard deduction for each succeeding year.

Sec. 10. Minnesota Statutes 1978, Section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.] The basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required

for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by such last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause (4), the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by such person, be the fair market value of the property at the date of decedent's death.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance tax purposes. In such case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on such property before the death of the decedent. Such basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities described in section 290.08; and property described in paragraphs (a), (b), (c) and (d) of this clause (4).

Clause (4) shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077. Nor shall it apply to restricted stock options described in section 290.078 which the employee has not exercised at death.

(5) If the property was acquired after December 31, 1932, upon an exchange described in section 290.13, subdivision 1, the basis shall be the same as in the case of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon such exchange under the law applicable to the year in which the exchange was made. If the property so acquired consisted in part of the type of property permitted by section 290.13, subdivision 1, to be received without the recognition of gain or loss, and in part of other property, the basis provided in this clause shall be allocated between the properties, other than money, received, and for the purpose of the allocation there shall be assigned to such other property an amount equivalent to its fair market value at the date of the exchange. This clause shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration, in whole or in part, for the transfer of the property to it;

(6) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as in the case of the stock or securities so sold or disposed of, increased by the excess of the repurchase price of such property over the sale price of such stock or securities, or decreased by the excess of the sale price of such stock or securities over the repurchase price of such property;

(7) If the property was acquired after December 31, 1932, as the result of a compulsory or involuntary conversion described in section 290.13, subdivision 5, the basis shall be the same as in the case of the property so converted, decreased in the amount of any money received by the taxpayer which was not expended in accordance with the provisions of law applicable to the year in which such conversion was made, determining the taxable status of the gain or loss upon such conversion, and increased in the amount of gain or decreased in the amount of loss to the taxpayer recognized upon such conversion under the law applicable to the year in which such conversion was made.

(8) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of such property, be increased or diminished on account of income derived by the lessor in respect of such property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of such property was included in gross income of the lessor for any taxable year beginning before January 1,

1943, the basis of each portion of such property shall be properly adjusted for the amount so included in gross income.

(9) If the property was acquired by the taxpayer as a transfer of property in exchange for the release of the taxpayer's marital rights, the basis of the property shall be the same as it would be if it were being sold or otherwise disposed of by the person who transferred the property to the taxpayer.

Sec. 11. Minnesota Statutes 1978, Section 290.21, Subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operating exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this state if such contributions or gifts are to be used exclusively for the purposes specified in subdivision 3(b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual, or to an employee stock ownership trust as defined in section 290.01, subdivision 25. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the deduction shall be reduced by the product of multiplying said amount by their percentage interest in the trust,

(d) to or for the use of the United States of America for exclusively public purposes, and to or for the use of any community chest, corporation, trust, fund, association, or foundation, organized and operated exclusively for any of the purposes specified in subdivision 3(b) and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual, but not carrying on substantially all of their activities within this state, in an amount equal to the ratio of Minnesota taxable net income to total net income, provided, however, that for an individual taxpayer, the credit shall be allowed in an amount equal to the ratio of the taxpayer's gross income from sources within the state assignable to Minnesota to the taxpayer's gross income from all sources,

(e) to a political party, as defined in section 200.02, subdivision 7, or a political candidate, as defined in section 210A.01, or

a political cause when sponsored by any party or association or committee, as defined in section 210A.01, in a maximum amount not to exceed the following:

(1) contributions made by individual natural persons, \$100,

(2) contributions made by a national committeeman, national committeewoman, state chairman, or state chairwoman of a political party, as defined in section 200.02, subdivision 7, \$1,000,

(3) contributions made by a congressional district committeeman or committeewoman of a political party, as defined in section 200.02, subdivision 7, \$350,

(4) contributions made by a county chairman or a county chairwoman of a political party, as defined in section 200.02, subdivision 7, \$150; ,

(f) in the case of an individual, the total credit against taxable net income allowable hereunder shall not exceed 30 percent of the taxpayer's Minnesota gross income as follows:

(i) the aggregate of contributions made to organizations specified in (a), (b) and (d) shall not exceed ten percent of the taxpayer's Minnesota gross income,

(ii) the total credits under this subparagraph for any taxable year shall not exceed 20 percent of the taxpayer's Minnesota gross income. For purposes of this subparagraph, the credits under this section shall be computed without regard to any deduction allowed under subparagraph (i) but shall take into account any contributions described in subparagraph (i) which are in excess of the amount allowable as a credit under subparagraph (i); the sum of:

(i) 20 percent of the taxpayer's Minnesota gross income in the case of contributions described in clauses (c) and (e); and

(ii) 50 percent of the taxpayer's Minnesota gross income in the case of contributions or gifts described in clauses (a), (b) and (d), reduced by the amount of the credit allowable under subparagraph (i),

(g) in the case of an individual, if the amount of the contributions or gifts described in clauses (a), (b) and (d), when added to the amount of contributions described in clauses (c) and (e), payment of which is made in a taxable year, hereinafter referred to in this subdivision as the "contribution year," exceeds 50 percent of the taxpayer's Minnesota gross income for that year, the excess shall be treated as a gift or contribution pursuant to this subdivision, paid in each of the five succeeding taxable years in order of time, but with respect to any succeeding taxable year, only to the extent of the lesser of the following amounts:

(i) the amount by which 50 percent of the taxpayer's Minnesota gross income for such succeeding taxable year exceeds the sum of the contribution and gifts described in this subdivision, payment of which is actually made by the taxpayer within such succeeding taxable year, and the contributions and gifts described

in clauses (a), (b) and (d), payment of which was made in taxable years before the contribution year and which are treated pursuant to this clause as having been paid in such succeeding taxable year; or

(ii) in the first succeeding taxable year, the amount of such excess, and in the second, third, fourth and fifth succeeding taxable years, the portion of such excess not treated under this clause as a contribution or gift described in clauses (a), (b) and (d) paid in a taxable year between the contribution year and such succeeding taxable year; or

(iii) if, in a contribution year, the taxpayer's Minnesota gross income exceeds \$100,000, clause (g) shall not apply and no contributions or gifts covered by clause (g) shall be carried forward to a subsequent year,

~~(g)~~ *(h) in the case of a corporation, the total credit against net income hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the credits allowable under this section other than those for contributions or gifts,*

~~(h)~~ *(i) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by regulations prescribe,*

~~(i)~~ *(j) in the case of a contribution or property placed in trust as described in section 170(f)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1976, a credit shall be allowed under this subdivision to the extent that a deduction is allowable for federal income tax purposes.*

Sec. 12. Minnesota Statutes 1978, Section 290.23, is amended by adding a subdivision to read:

Subd. 16. [INCOME FROM OUT-OF-STATE PROPERTY.] There shall be allowed as a deduction in computing the taxable net income of a trust or an estate the amount of income or gains from tangible personal or real property having a situs outside this state allocated to this state according to the provisions of section 290.17, subdivision 1.

Sec. 13. *The withholding of tax on wages pursuant to Minnesota Statutes, Section 290.92 shall be suspended for a period of one month. No employer shall withhold any tax from wages paid with respect to any payroll period ending after September 30, 1979 and prior to November 1, 1979.*

Sec. 14. *[REPEALER.] Minnesota Statutes 1978, Section 290.06, Subdivision 12, is repealed.*

Sec. 15. [EFFECTIVE DATE.] Sections 1, 7, 8, 9, 10, 11, 12 and 14 are effective for taxable years beginning after December 31, 1978. Section 2 is effective for taxable years beginning after December 31, 1977.

ARTICLE II: PROPERTY TAX

Section 1. Minnesota Statutes 1978, Section 124.212, Subdivision 10, is amended to read:

Subd. 10. (a) The equalization aid review committee, consisting of the commissioner of education, the commissioner of administration, and the commissioner of revenue, is hereby continued and permanently established. The duty of this committee shall be to review the assessed valuation of the districts of the state. When such reviews disclose reasonable evidence that the assessed valuation of any district furnished by any county auditor is not based upon the market value of taxable property in such district, then said committee shall call upon the department of revenue to ascertain the market value of such property, and adjust such values as required by law to determine the adjusted assessed valuation. The department of revenue shall take such steps as are necessary in the performance of that duty and may incur such expense as is necessary therefor. The commissioner of revenue is authorized to reimburse any county or governmental official for services performed at his request in ascertaining such adjusted valuation. On or before March 15, annually, the department of revenue shall submit its report on the assessed values established by the previous year's assessment to said committee for approval or rejection and, if approved, such report shall be filed not later than the following July 1 with the commissioner of education and each county auditor for those school districts for which he has the responsibility for determination of mill rates. A copy of the adjusted assessed value so filed shall be forthwith mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which such district is located.

(b) For purposes of determining the adjusted assessed value of agricultural lands for the calculation of 1977 1978 adjusted assessed values and thereafter, the market value of agricultural lands shall be the arithmetic average of (1) the price for which the property would sell in an arms length transaction, and (2) the income which could be derived from its free market gross rental rate capitalized at a rate of nine ten percent. Value determined pursuant to this clause shall be based on comparison of income and assessments from only the most recent applicable year, and shall not be subject to a three-year series of comparisons.

Sec. 2. The 1978 adjusted assessed values determined under the provisions of section 124.212 shall be computed using the assessment ratios for taxes payable in 1980 provided by sections 6 to 10. In the case of adjusted assessed values which are limited under the provisions of section 124.212, subdivision 11, clause (a), the

recomputation provided in this section shall be made on the limited value.

Sec. 3. Minnesota Statutes 1978, Section 256.82, is amended to read:

256.82 [PAYMENTS BY STATE.] Based upon estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency payment shall be made monthly in advance by the state to the counties of all federal funds available for that purpose for such succeeding month, together with an amount of state funds equal to ~~60~~ 80 percent of the difference between the total estimated cost and the federal funds so available *for payments made after December 31, 1979 and before January 1, 1981, and 90 percent of the difference for payments made after December 31, 1980.* Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.

Sec. 4. Minnesota Statutes 1978, Section 256D.03, Subdivision 2, is amended to read:

Subd. 2. *After December 31, 1979, and before January 1, 1981, state aid shall be paid to local agencies for 50 80 percent and, after December 31, 1980, for 90 percent of all general assistance grants up to the standards of section 256D.01, subdivision 1, according to procedures established by the commissioner. Any local agency may, from its own resources, make payments of general assistance at a standard higher than that established by the commissioner, without reference to the standards of section 256D.01, subdivision 1.*

Sec. 5. Minnesota Statutes 1978, Section 256D.36, Subdivision 1, is amended to read:

256D.36 [1973 CATEGORICAL AID RECIPIENTS; PROVISIONS FOR SUPPLEMENTAL AID.] Subdivision 1. Commencing January 1, 1974, the commissioner shall certify to each local agency the names of all county residents who were eligible for and did receive aid during December, 1973 pursuant to a categorical aid program of old age assistance, aid to the blind, or aid to the disabled. From and after January 1, ~~1974~~ 1980, *until January 1, 1981*, the state shall pay 80 percent and the county shall each pay ~~one half~~ 20 percent of the supplemental aid calculated for each county resident certified under this section who is an applicant for or recipient of supplemental security income. *After December 31, 1980, the state shall pay 90 percent and the county shall pay ten percent of the aid.* The amount of supplemental aid for each individual eligible under this section shall be calculated pursuant to the formula prescribed in Title II, Section 212 (a) (3) of Public Law 93-66, as amended.

Sec. 6. Minnesota Statutes 1978, Section 273.11, Subdivision 2, is amended to read:

Subd. 2. ~~(a)~~ For assessments of property for the purpose of determining taxes to be levied in 1979, payable in 1980, the assessor, after determining the value of any property, shall compare the value with that determined in the preceding assessment. Notwithstanding the provisions of section 273.17, the amount of the increase entered in the current assessment shall not exceed ten percent of the value in the preceding assessment or one-fourth one-half of the total amount of the increase in valuation whichever is greater; the excess, together with any increase in value which has occurred since the previous assessment, shall be entered in a subsequent year or years; provided, however, that if the amount of the increase in market value is

~~(i)~~ more than ten percent but no more than 20 percent, the excess shall be entered in the following year;

~~(ii)~~ more than 20 percent but no more than 40 percent, ten percent shall be entered in each subsequent year until the amount remaining to be entered is less than 10 percent in which case the amount remaining will be entered in the next subsequent year; or

~~(iii)~~ more than 40 percent, the excess shall be entered equally in the three subsequent years added to the market value of the property which shall be used for the purpose of determining taxes to be levied in 1980, payable in 1981. In all subsequent assessments, all real property shall be assessed at its full market value.

~~(b)~~ In the case of property described in section 273.13, subdivisions 6, 7, 7b, 10, 12, 17, 17b and 19, plus all agricultural property and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes which was not subject to the five percent limitation in valuation increase for the 1973 or the 1974 assessment that was previously provided pursuant to Minnesota Statutes 1974, Section 273.11, Subdivision 2, the value to be used for levying the 1976 taxes payable in 1977 shall be set at the average percent of market value used for the respective class of property in the 1976 tax levies in its assessment district if the market value as determined by the assessor pursuant to section 273.11, subdivision 1 exceeds by more than ten percent the limited market value established for that class of property. Such property shall subsequently increase in value for property tax purposes as prescribed in clause ~~(a)~~.

Sec. 7. Minnesota Statutes 1978, Section 273.13, Subdivision 4, is amended to read:

Subd. 4. [CLASS 3.] (a) Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3e, all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3

and shall be valued and assessed at 33 $\frac{1}{3}$ percent of the market value thereof, except as provided in clause (b). Except as provided in subdivision 5a, all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use.

(b) For taxes assessed in ~~1977 1979~~ , payable in ~~1978 1980~~ and *thereafter* , agricultural land and real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at ~~31 27~~ percent of its market value , and ~~for taxes assessed in 1978, payable in 1979~~ and *thereafter*, it shall be assessed at 30 percent of its market value.

Sec. 8. Minnesota Statutes 1978, Section 273.13, Subdivision 5a, is amended to read:

Subd. 5a. [CLASS 3A.] Class 3a shall constitute commercial use real property which abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, which includes a portion used as a homestead by the owner, with the following limitations: the area of the property which shall be included in class 3a shall not exceed 100 feet of lakeshore footage for each cabin located on the property, up to a total of 800 feet, and 500 feet in depth measured away from the lakeshore. Class 3a shall be assessed at ~~18 14~~ percent of the market value thereof in ~~1977 1979~~, for taxes payable in ~~1978 1980~~ , and at ~~16 percent~~ thereafter. The remainder of the parcel shall be classified and assessed according to the provisions of subdivision 4.

Sec. 9. Minnesota Statutes 1978, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed at ~~18 14~~ percent of the *its* market value thereof in ~~1977 1979~~ , for taxes payable in ~~1978, 1980~~ and at ~~16 percent~~ thereafter. The property tax to be paid on class 3b property as otherwise determined by law not exceeding 120 acres less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by ~~45 50~~ percent of the tax; provided that the amount of said reduction shall not exceed ~~\$325 \$500~~ . Valuation subject ~~to relief in 1977 for taxes payable in 1978~~ shall be limited to ~~120~~ acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and, such other structures as may be included thereon utilized by the owner in an agricultural pursuit. For taxes levied in ~~1978 payable 1979~~ and subsequent years, Valuation subject to relief shall be limited to 160

acres of land, most contiguous surrounding, ~~or~~ bordering, or closest to the house occupied by the owner as his dwelling place, and such other structures as may be included thereon utilized by the owner in an agricultural pursuit. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be valued and assessed at ~~31~~ 27 percent of its market value in ~~1977~~ 1979, for taxes payable in ~~1978~~ 1980, and at ~~30~~ percent thereafter. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Agricultural land as used herein, and in section 273.132, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

Sec. 10. Minnesota Statutes 1978, Section 273.13, Subdivision 7, is amended to read:

Subd. 7. [CLASS 3C, 3CC.] All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed at ~~22~~ 19 percent of the market value thereof in ~~1977~~ 1979, for taxes payable in ~~1978~~, 1980 and at ~~20~~ percent thereafter. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by ~~45~~ 50 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$~~325~~ 500. If the market value is in excess of the sum of the homestead base value, the amount in excess of that sum shall be valued and assessed at ~~36~~ 32 percent of market value in ~~1977~~ 1979, for taxes payable in ~~1978~~, 1980 and at ~~33~~ $\frac{1}{2}$ percent thereafter. The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. Class 3cc property shall include only real estate which is used for the purposes of a homestead by (a) any blind person, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive

muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability; or (c) any person who: (1) is permanently and totally disabled and (2) is receiving (i) aid from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, or (v) aid under the federal railroad retirement act of 1937, 45 United States Code Annotated, Section 228b(a)5; which aid is at least 90 percent of the total income of such disabled person from all sources. Class 3cc property shall be valued and assessed at five percent of the market value thereof. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, for all purposes shall be reduced by ~~45~~ 50 percent of the amount of such tax; provided that the amount of said reduction shall not exceed ~~\$325~~ \$500. If the market value is in excess of the sum of \$28,000, the amount in excess of that sum shall be valued and assessed at ~~31~~ 27 percent in ~~1977, 1979~~ for taxes payable in ~~1978~~ 1980 and ~~30~~ percent thereafter, in the case of agricultural land used for a homestead and ~~36~~ 32 percent in the case of all other real estate used for a homestead for taxes payable in ~~1978~~ 1980 and ~~33 1/3~~ percent for taxes payable in ~~1979~~ and subsequent years.

Sec. 11. Minnesota Statutes 1978, Section 273.13, Subdivision 14a, is amended to read:

Subd. 14a. [BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY OCCUPANT.] The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by ~~45~~ 50 percent of the amount of the tax in respect of said value as otherwise determined by law, but not by more than ~~\$325~~ \$500.

Sec. 12. Minnesota Statutes 1978, Section 273.17, Subdivision 1, is amended to read:

273.17 [ASSESSMENT OF REAL PROPERTY.] Subdivision 1. In every year, on January 2, the assessor shall also assess all real property that may have become subject to taxation since the last previous assessment, including all real property platted since the last real estate assessment, and all buildings or other structures of any kind, whether completed or in process of construction, of over \$1,000 in value, the value of which has not been previously

added to or included in the valuation of the land on which they have been erected. The newly assessed property shall be valued initially at a value not exceeding the average percent of market value used in the tax levies for its respective class of property in its assessment district if the market value as determined by the assessor pursuant to section 273.11, subdivision 1 exceeds by more than ten percent the limited market value established for that class of property. The assessment shall be increased to market value in annual increments as provided in section 273.11, subdivision 2 until such time as the property is reassessed. He shall make return thereof to the county auditor, with his return of personal property, showing the tract or lot on which each structure has been erected and the market value added thereto by such erection. Every assessor shall list, without revaluing, in each year, on a form to be prescribed by the commissioner of revenue, all parcels of land that shall have become homesteads or shall have ceased to be homesteads for taxation purposes since the last real estate assessment, and other parcels of land when the use of the land requires a change in classification or the land has been incorrectly classified in a previous assessment.

The county auditor shall note such change in the assessed valuation upon the tax lists, caused by a change in classification, and shall calculate the taxes for such year on such changed valuation. In case of the destruction by fire, flood, or otherwise of any building or structure, over \$100 in value, which has been erected previous to the last valuation of the land on which it stood, or the value of which has been added to any former valuation, the assessor shall determine, as nearly as practicable, how much less such land would sell for at private sale in consequence of such destruction, and make return thereof to the auditor.

Sec. 13. Minnesota Statutes 1978, Section 275.125, Subdivision 6a, is amended to read:

Subd. 6a. (1) In addition to the excess levy authorized in subdivision 6, in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under sections 275.127 and 422A.01 to 422A.25 may levy an amount per pupil unit which is equal to the amount levied in 1975 payable 1976, under sections 275.127 and 422A.01 to 422A.25, divided by the number of pupil units in the district in 1976-1977.

(2) In 1977 1979 and each year thereafter, any district which qualified in 1976 for an extra levy under clause (1) shall be allowed to levy the same amount per pupil unit allowed by that clause, as levied for retirement in 1978 under this clause reduced each year by ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, Sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, Sections 275.127 and 422A.01 to 422A.25.

Sec. 14. Minnesota Statutes 1978, Section 290A.03, Subdivision 3, is amended to read:

Subd. 3. [INCOME.] "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1976; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a) (1), (a) (2), (a) (3), (a) (10), (a) ~~(13)~~ (14), and (a) ~~(14)~~ (15);

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends excluded from federal adjusted gross income under section 116 of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans disability pensions), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Section 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) gifts from nongovernmental sources;

(d) surplus food or other relief in kind supplied by a governmental agency; or

(e) relief granted under sections 273.012, subdivision 2 or 290A.01 to 290A.21 ; or

(f) *child support payments received under a temporary or final decree of dissolution or legal separation.*

Sec. 15. Minnesota Statutes 1978, Section 290A.03, Subdivision 11, is amended to read:

Subd. 11. [RENT CONSTITUTING PROPERTY TAXES.] "Rent constituting property taxes" means ~~22~~ 23 percent of the gross rent actually paid in cash, or its equivalent, or that portion of gross rent which is paid in lieu of property taxes, in ~~1977~~ or any subsequent calendar year by a claimant solely for the right of occupancy of his Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under sections 290A.01 to 290A.21 by the claimant.

Sec. 16. Minnesota Statutes 1978, Section 290A.04, Subdivision 2, is amended to read:

Subd. 2. The refund shall be paid to claimants whose property taxes payable exceed the following percentages of their income, up to the designated maximum credit amounts:

For claimants earning:

- \$0 to \$2,999, 0.5 percent, up to ~~\$475~~ \$650 ;
- 3,000 to 3,999, 0.6 percent, up to ~~\$475~~ \$650 ;
- 4,000 to 4,999, 0.7 percent, up to ~~\$475~~ \$650 ;
- 5,000 to 5,999, 0.8 percent, up to ~~\$475~~ \$650 ;
- 6,000 to 6,999, 0.9 percent, up to ~~\$475~~ \$650 ;
- 7,000 to 7,999, 1.0 percent, up to ~~\$475~~ \$650 ;
- 8,000 to 8,999, 1.1 percent, up to ~~\$475~~ \$650 ;
- 9,000 to 9,999, 1.2 percent, up to ~~\$475~~ \$650 ;
- 10,000 to 10,999, 1.3 percent, up to ~~\$475~~ \$650 ;
- 11,000 to 11,999, 1.4 percent, up to ~~\$475~~ \$650 ;
- 12,000 to 19,999, 1.5 percent, up to ~~\$475~~ \$650 ;
- 20,000 to 22,999, 1.6 percent, up to ~~\$475~~ \$650 ;
- 23,000 to 25,999, 1.8 percent, up to ~~\$425~~ \$600 ;
- 26,000 to 30,999, 2.0 percent, up to ~~\$375~~ \$550 ;
- 31,000 to 35,999, 2.2 percent, up to ~~\$350~~ \$525 ;
- 36,000 to 40,999, 2.4 percent, up to ~~\$325~~ \$500 ;
- 41,000 to 44,999, 2.6 percent, up to ~~\$325~~ \$500 ;
- 45,000 to 52,999, 2.8 percent, up to ~~\$325~~ \$500 ;

53,000 to 65,999, 3.0 percent, up to ~~\$325~~ \$500 ;

66,000 to 81,999, 3.2 percent, up to ~~\$325~~ \$500 ;

82,000 to 99,999, 3.5 percent, up to ~~\$325~~ \$500 ;

100,000 and over, 4.0 percent, up to ~~\$325~~ \$500 ;

provided that maximum credits for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$16.67 per \$1,000;
between \$26,000 and \$36,000 decline \$5 per \$1,000.

The payment made to a claimant shall be the amount of refund calculated pursuant to this subdivision, but not exceeding ~~\$675~~ \$850, less the homestead credit given pursuant to section 273.13, subdivisions 6 and 7.

Sec. 17. Minnesota Statutes 1978, Section 290A.04, Subdivision 2a, is amended to read:

Subd. 2a. An additional refund shall be allowed each claimant who was not disabled or who had not attained the age of 65 by June 1 of the year in which the taxes were payable and whose claim is based on taxes paid on the home he owns in an amount equal to ~~25~~ 50 percent of the amount by which property taxes payable and or rent constituting property taxes exceed the sum of (a) the refund calculated pursuant to subdivision 2 and (b) the percentage of the claimant's household income specified in subdivision 2. The sum of the refunds provided in subdivision 2 and this subdivision shall not exceed the maximum amounts provided below.

For claimants earning:

~~\$0 to 19,999, up to \$800 ;~~

20,000 to 25,999, up to ~~\$800~~ \$975 ;

26,000 to 35,999, up to ~~\$650~~ \$825 ;

36,000 and over, up to ~~\$325~~ 500 ;

provided that maximum refunds for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$25 per \$1,000; between \$26,000 and \$36,000 decline \$32.50 per \$1,000. A claimant who owns his own homestead part of the year and rents part of the year may add his rent constituting property taxes to the qualifying tax on his homestead and receive the additional refund provided in subdivision 2a.

Sec. 18. Minnesota Statutes 1978, Section 290A.04, Subdivision 2b, is amended to read:

Subd. 2b. An additional refund shall be allowed each claimant who is disabled or has attained the age of 65 by June 1 of the year in which the taxes were payable in an amount equal to 50 percent of the amount by which property taxes payable or rent

constituting property taxes exceed the sum of (a) the refund calculated pursuant to subdivision 2 and (b) the percentage of the claimant's household income specified in subdivision 2. The sum of the refunds provided in subdivision 2 and this subdivision shall not exceed the maximum amounts provided below.

For claimants earning:

- \$0 to 19,999 up to \$800;
- 20,000 to 22,999, up to \$800 \$975 ;
- 23,000 to 25,999, up to \$763 \$938 ;
- 26,000 to 35,999, up to \$725 \$900 ;
- 36,000 and over, up to \$525 \$700 ;

provided that maximum refunds for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$12.50 per \$1,000; between \$26,000 and \$36,000 decline \$20 per \$1,000.

In the case of a claimant who was disabled on or before June 1 or who attained the age of 65 on the date specified in subdivision 1, the refund shall not be less than the refund which the claimant's household income as defined in section 290A.03, and property tax or rent constituting property tax would have entitled him to receive under Minnesota Statutes 1974, Section 290.0618.

Sec. 19. Minnesota Statutes 1978, Section 290A.04, Subdivision 3, is amended to read:

Subd. 3. The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the property taxes to be paid and credit allowed to various levels of income and assessment. The table shall follow the schedule of income percentages, maximums and other provisions specified in ~~subdivision~~ subdivisions 2, 2a, and 2b, except that the commissioner may graduate the transition between income brackets.

For homestead property owners who are disabled or are 65 or older, as provided in subdivision 1, the commissioner shall base his determination of the credit on the gross qualifying tax reduced by the average statewide effective homestead credit percentage for taxes payable in 1975 calculated under section 273.13, subdivisions 6 and 7.

Sec. 20. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of public welfare a sum sufficient to make the increased distribution required under sections 3, 4 and 5.*

Sec. 21. [REPEALER.] *Minnesota Statutes 1978, Section 273.11, Subdivision 2, is repealed.*

Sec. 22. [EFFECTIVE DATE.] *Sections 6 to 12 are effective for taxes levied in 1979, payable in 1980 and thereafter. Section*

14 is effective for low income credits claimed for taxable years beginning after December 31, 1977 and for property tax refund claims based on rent paid in 1978 and property taxes payable in 1977. Sections 15 to 19 are effective for claims based on rent paid in 1979 and property taxes payable in 1980. Section 21 is effective for taxes levied in 1980, payable in 1981 and thereafter.

ARTICLE III: INHERITANCE TAX

Section 1. Minnesota Statutes 1978, Section 291.005, Subdivision 1, is amended to read:

291.005 [DEFINITIONS.] Subdivision 1. Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Probate assets" means and includes property owned by a decedent at the time of his death required by section 524.3-706 to be listed on a personal representative's inventory and appraisal.

(2) "Non-probate assets" means and includes all property of every kind transferred from a decedent or at or by reason of the decedent's death which is subject to the inheritance tax imposed by this chapter (without regard to deductions or exemptions) and which does not consist of probate assets.

(1) "Federal gross estate" means the gross estate of a decedent as determined for federal estate tax purposes pursuant to the provisions of the Internal Revenue Code.

(2) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of such property and the Minnesota estate tax due with respect to such property.

(3) "Resident decedent" means an individual whose residence at the time of his death was in Minnesota.

(4) "Nonresident decedent" means an individual who at the time of his death was not a resident.

(5) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was a resident at death.

(3) (6) "Commissioner" means and refers to the commissioner of revenue of this state or any person or body within the state department of revenue to whom he may have delegated his functions under this chapter.

(4) "Dependent child" means a natural child of the decedent, or a child adopted by the decedent who is incapable of furnishing his own support by reason of a physical or mental ailment, illness or deformity. The commissioner may request verification of the physical or mental condition of the child before allowing the exemptions and rates applicable to a dependent child under this chapter.

(5) "Stepchild" means a child who is not the decedent's natural or adopted child but is the natural or adopted child of the decedent's surviving or deceased spouse.

(7) "Internal Revenue Code" means the United States Internal Revenue Code of 1954 as amended through December 31, 1978.

Sec. 2. Minnesota Statutes 1978, Section 291.01, is amended to read:

291.01 [TAX IMPOSED.] Subdivision 1. A tax shall be and is hereby imposed upon any the transfer of property, real, personal or mixed, or any interest therein, or income therefrom in trust or otherwise, to any person, association or corporation, except county, town or municipal corporation within the state, for strictly county, town or municipal purposes, in the following cases:

(1) When the transfer is by will or by the intestate laws of this state from any person dying possessed of the property while a resident of this state;

(2) When a transfer is by will or intestate law, of property within the state or within its jurisdiction and the decedent was a nonresident of the state at the time of his death;

(3) When the transfer is of property made by a resident or by a nonresident when such nonresident's property is within this state, or within its jurisdiction, by deed, grant, bargain, sale or gift, made in contemplation of the death of the grantor, vendor, or donor, or intended to take effect in possession or enjoyment at or after such death; any transfer of the material part of the property of a deceased in the nature of a final disposition or distribution thereof, made within three years prior to death, without adequate and full consideration in money or money's worth, shall, unless shown to the contrary, be deemed to have been made in contemplation of death; but no such transfer made prior to such three year period shall be deemed or held to have been made in contemplation of death; and

(4) Nothing in this chapter shall be construed as imposing a tax upon any transfer, as defined in this chapter, of intangibles, however used or held, whether in trust or otherwise, by a person, or by reason of the death of a person, who was not a resident of this state at the time of his death.

Subd. 2. Such tax shall be imposed when any such person or corporation becomes beneficially entitled, in possession or expectancy, to any property or the income thereof, by any such transfer whether made before or after the passage of this chapter.

Subd. 3. A taxable transfer under the provisions of this chapter shall be deemed to have been made:

(1) To the extent of any property with respect to which the decedent has at the time of his death general power of appointment, created on or before October 21, 1942, is exercised by the decedent

(A) by will, or

(B) by disposition which is of such nature that if it were a transfer of property owned by the decedent, such transfer would be taxable under the provisions of this chapter;

but the failure to exercise such a power or the complete release of such a power shall not be deemed an exercise thereof. If a general power of appointment created on or before October 21, 1942, has been partially released so that it is no longer a general power of appointment, the exercise of such power shall not be deemed to be the exercise of a general power of appointment if

(a) such partial release occurred before November 1, 1950, or

(b) the donee of such power was under a legal disability to release such power on October 21, 1942, and such partial release occurred not later than six months after the termination of such legal disability.

(2) To the extent of any property with respect to which the decedent has at the time of his death a general power of appointment created after October 21, 1942, or with respect to which the decedent has at any time exercised or released such a power of appointment by a disposition which is of such nature that if it were a transfer of property owned by the decedent, such transfer would be taxable under the provisions of this chapter. A disclaimer or renunciation of such a power of appointment shall not be deemed a release of such power. For purposes of this paragraph (2), the power of appointment shall be considered to exist on the date of the decedent's death even though the exercise of the power is subject to a precedent giving of notice or even though the exercise of the power takes effect only on the expiration of a stated period after its exercise, whether or not on or before the date of the decedent's death notice has been given or the power has been exercised.

(3) To the extent of any property with respect to which the decedent:

(A) by will, or

(B) by a disposition which is of such nature that if it were a transfer of property owned by the decedent such transfer would be taxable under the provisions of this chapter,

exercises a power of appointment created after October 21, 1942, by creating another power of appointment which can be validly exercised so as to postpone the vesting of any estate or interest in such property, or suspend the absolute ownership or power

of alienation of such property, for a period ascertainable without regard to the date of the creation of the first power.

(4) The term "general power of appointment" means a power which is exercisable in favor of the decedent, his estate, his creditors or the creditors of his estate, except that:

(A) A power to consume, invade, or appropriate property for the benefit of the decedent which is limited by an ascertainable standard relating to the health, education, support, or maintenance of the decedent shall not be deemed a general power of appointment;

(B) A power of appointment created on or before October 21, 1942, which is exercisable by the decedent only in conjunction with another person shall not be deemed a general power of appointment.

(C) In the case of a power of appointment created after October 21, 1942, which is exercisable by the decedent only in conjunction with another person:

(a) If the power is not exercisable by the decedent except in conjunction with the creator of the power, such power shall not be deemed a general power of appointment.

(b) If the power is not exercisable by the decedent except in conjunction with a person having a substantial interest in the property, subject to the power, which is adverse to exercise of the power in favor of the decedent, such power shall not be deemed a general power of appointment. For the purposes of this clause a person who, after the death of the decedent, may be possessed of a power of appointment (with respect to the property subject to the decedent's power) which he may exercise in his own favor shall be deemed as having an interest in the property and such interest shall be deemed adverse to such exercise of the decedent's power.

(c) If, after the application of clauses (a) and (b), the power is a general power of appointment and is exercisable in favor of such other person, in such power shall be deemed a general power of appointment only in respect of a fractional part of the property subject to such power, such part to be determined by dividing the value of such property by the number of such persons, including the decedent, in favor of whom such power is exercisable. For purposes of clauses (b) and (c), a power shall be deemed to be exercisable in favor of a person if it is exercisable in favor of such person, his estate, his creditors, or the creditors of his estate.

(5) The lapse of a power of appointment created after October 21, 1942, during the life of the individual possessing the power shall be considered a release of such power. The preceding sentence shall apply with respect to the lapse of powers during any calendar year only to the extent that the property, which could have been appointed by exercise of such lapsed powers, exceeded in value, at the time of such lapse, the greater of the following amounts:

(a) \$5,000 or

(b) Five percent of the aggregate value, at the time of such lapse, of the assets out of which, or the proceeds of which, the exercise of the lapsed powers could have been satisfied.

(c) For purposes of this subdivision, a power of appointment created by a will executed on or before October 12, 1942, shall be considered a power created on or before such date if the person exercising such will dies before July 1, 1949, without having republished such will, by codicil or otherwise, after October 21, 1942.

Subd. 4. Whenever any property, real or personal, is held in the joint names of two or more persons, or is deposited in banks or in other institutions or depositories in the joint names of two or more persons payable to either or the survivor, upon the death of one of such persons the right of the survivor or survivors, to the immediate ownership or possession and enjoyment of such property, shall be deemed a transfer and subject to the inheritance tax imposed by this chapter, except such part thereof as may be shown to have originally belonged to the survivor or survivors and never to have been received or acquired by them from the decedent for less than an adequate and full consideration in money or money's worth; in which case there shall be excepted only such part as is proportionate to the consideration furnished by the survivor or survivors. Provided, where any property has been acquired prior to April 20, 1935, by the decedent and spouse, as joint tenants, not in excess of one-half of the value thereof shall be taxable. Provided, further, where property has been acquired at any time by gift, bequest, devise, or inheritance, by the decedent and any other person or persons, as joint tenants, the taxable portion shall be the value of a fractional part of said property to be determined by dividing the value of the property by the number of joint tenants.

Where personal property is held in joint names, such property shall be deemed to be transferred to the survivors as provided in this subdivision unless it is established to the satisfaction of the commissioner that the decedent intended a different disposition. Upon the showing of evidence of that intent to the commissioner, the right of survivorship shall not be deemed to be a transfer to the named survivors subject to the inheritance tax, provided the survivors make the disposition according to the evidenced intention of the decedent and present to the commissioner statements signed by the transferees acknowledging receipt of the property from the named survivor, the disposition by the survivors to the transferees shall be deemed a transfer from the decedent to the transferees and shall be subject to the inheritance tax imposed by this chapter. This paragraph shall not apply to cases where the aggregate value of joint tenancy assets exceeds \$30,000.

Subd. 5. (1) The proceeds of all life or accident insurance policies whether now in force or hereafter issued, payable on account of the decedent's death shall be subject to the tax herein imposed, as follows:

(a) To the extent of the amount receivable by the executor of the decedent as insurance under policies on the life of the decedent.

(b) To the extent of the amount receivable by all other beneficiaries as insurance under policies on the life of the decedent with respect to which the decedent possessed at his death any of the incidents of ownership, exercisable either alone or in conjunction with any other person. For purposes of the preceding sentence, the term "incident of ownership" includes a reversionary interest (whether arising by the express terms of the policy or other instrument or by operation of law) only if the value of such reversionary interest exceeded five percent of the value of the policy immediately before the death of the decedent. As used in this paragraph, the term "reversionary interest" includes a possibility that the policy, or the proceeds of the policy, may return to the decedent or his estate, or may be subject to a power of disposition by him. The value of a reversionary interest at any time shall be determined (without regard to the fact of the decedent's death) by usual methods of valuation, including the use of tables of mortality and actuarial principles, pursuant to regulations prescribed by the commissioner of internal revenue or his delegates. In determining the value of a possibility that the policy or proceeds thereof may be subject to a power of disposition by the decedent, such possibility shall be valued as if it were a possibility that such policy or proceeds may return to the decedent or his estate.

(2) Such proceeds shall be deemed a transfer within the meaning of that term as used in this chapter and a part of decedent's estate, and shall be taxable to the person or persons entitled thereto.

(3) Every corporation, partnership, association, individual, or order or society authorized to transact life, accident, fraternal, mutual benefit, or death benefit insurance business which shall pay to any person, association, or corporation any insurance or death benefit in excess of \$1,000 or shall transfer any unpaid balance of, or any interest in, any annuity contract or deposit, upon the death of a resident of this state, shall give notice of such payment or transfer to the commissioner within ten days from the date thereof. Such notice shall be given on the forms prescribed by the commissioner and such notice shall set forth such information as the commissioner shall prescribe the Minnesota taxable estate of every decedent as prescribed by chapter 291.

Sec. 3. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.015] [DETERMINATION OF MINNESOTA TAXABLE ESTATE.] *The Minnesota taxable estate of a decedent shall be his federal gross estate as defined in Section 2031 of the Internal Revenue Code less the sum of:*

(1) *The value of any gifts of real property located outside this state which are otherwise includable in the federal gross estate under section 2035(a) of the Internal Revenue Code;*

(2) *The value of property owned by the decedent at the time of his death which has its situs outside Minnesota;*

(3) *The exemptions and deductions allowed pursuant to sections 291.05, 291.051, 291.065, 291.07, and 291.08; and*

(4) *The sum of \$200,000, provided that, in the case of a non-resident decedent, this amount shall be reduced by that proportion of the value of the decedent's federal gross estate which has its situs outside of this state.*

Sec. 4. Minnesota Statutes 1978, Section 291.03, is amended to read:

291.03 [RATES.] *When the property or any beneficial interest therein passes by any such transfer where the amount of the property shall exceed in value the exemption or exemptions hereinafter specified; where applicable, The tax hereby imposed shall be :*

(1) *Where the person entitled to any beneficial interest in such property shall be the surviving spouse, minor or dependent child of the decedent, or any minor or dependent legally adopted child at computed by applying to the Minnesota taxable estate the following prescribed rates:*

1- $\frac{1}{2}$ *7 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7) \$100,000.*

2 *8 percent on the next \$25,000 \$100,000 or part thereof.*

3 *9 percent on the next \$50,000 \$100,000 or part thereof.*

4 *10 percent on the next \$50,000 \$200,000 or part thereof.*

5 *11 percent on the next \$50,000 \$500,000 or part thereof.*

6 *percent on the next \$100,000 or part thereof.*

7 *percent on the next \$100,000 or part thereof.*

8 *percent on the next \$100,000 or part thereof.*

9 *percent on the next \$500,000 or part thereof.*

10 *12 percent on the excess over \$1,000,000.*

(2) *Where the person or persons entitled to any beneficial interest in such property shall be the adult child or other lineal descendant of the decedent, adult legally adopted child or issue, lineal ancestor of the decedent, stepchild as defined in section 291.005, or any child to whom such decedent for not less than ten years prior to such transfer stood in the mutually acknowledged relation of a parent; provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday and was continuous for said ten years thereafter, or any lineal issue of such mutually acknowledged child, at the following prescribed rates:*

2 *percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).*

4 *percent on the next \$25,000 or part thereof.*

- 6 percent on the next \$50,000 or part thereof.
- 7 percent on the next \$100,000 or part thereof.
- 8 percent on the next \$200,000 or part thereof.
- 9 percent on the next \$600,000 or part thereof.
- 10 percent on the excess over \$1,000,000.

(3) Where the person or persons entitled to any beneficial interest in such property shall be the brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or a husband or widower of a daughter of the decedent, at the following prescribed rates:

6 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 201.05, clauses (3) through (7).

- 8 percent on the next \$25,000 or part thereof.
- 10 percent on the next \$50,000 or part thereof.
- 12 percent on the next \$50,000 or part thereof.
- 14 percent on the next \$50,000 or part thereof.
- 16 percent on the next \$100,000 or part thereof.
- 18 percent on the next \$100,000 or part thereof.
- 20 percent on the next \$100,000 or part thereof.
- 22 percent on the next \$500,000 or part thereof.
- 25 percent on the excess over \$1,000,000.

(4) Where the person or persons entitled to any beneficial interest in such property shall be in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate, at the following prescribed rates:

8 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 201.05, clauses (3) through (7).

- 10 percent on the next \$25,000 or part thereof.
- 12 percent on the next \$50,000 or part thereof.
- 14 percent on the next \$50,000 or part thereof.
- 16 percent on the next \$50,000 or part thereof.
- 18 percent on the next \$100,000 or part thereof.
- 20 percent on the next \$100,000 or part thereof.
- 22 percent on the next \$100,000 or part thereof.
- 26 percent on the next \$500,000 or part thereof.

30 percent on the excess over \$1,000,000.

Provided that the amount of tax imposed by this chapter on the transfer of any estate shall not be less than the maximum tax credit allowable for state death taxes against the federal estate tax imposed with respect to that part of the decedent's estate which has a taxable situs in this state.

Sec. 5. Minnesota Statutes 1978, Section 291.05, is amended to read:

291.05 [EXEMPTIONS.] The following exemptions from the tax are hereby allowed:

(1) Any devise, bequest, gift, or transfer : (a) to or for the use of the United States of America or any state or any political subdivision thereof for public purposes exclusively, and any ~~devise, bequest, gift, or transfer~~ ; (b) to or for the use of any corporation, fund, foundation, trust, or association operated within this state for religious, charitable, scientific, literary, education or public cemetery purposes exclusively, including the encouragement of art and the prevention of cruelty to children or animals, no part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or individual, and any ~~bequest or transfer~~ or to a trustee or trustees exclusively for such purposes, shall be exempt. ~~Any devise, bequest, gift, or transfer~~ ; (c) to an employee stock ownership trust as defined in section 290.01, subdivision 25, shall be exempt. *Where provided that, if the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the exemption shall be reduced by the product of multiplying said amount by their percentage interest in the trust.*

~~Any devise, bequest, gift, or transfer, not to exceed \$1,000 made;~~ (d) to a clergyman, in an amount not exceeding \$1,000, the proceeds of which are to be used for religious purposes or rites designated by the testator ; shall be exempt. ~~Any devise, bequest, gift, or transfer~~ ; and (e) to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, education, or public cemetery purposes exclusively, including the encouragement of art, and the prevention of cruelty to children or animals, no part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or any individual, and any ~~bequest or transfer~~ or to a trustee or trustees exclusively for such purposes, shall be exempt, if, at the date of the decedent's death, the laws of the state under the laws of which the transferee was organized or existing, either (1) did not impose a death tax of any character, in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contained a reciprocal provision under which transfers to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of another state were exempted from death taxes of every character if such other state allowed a similar exemption to a similar corporation, fund, foundation, trust, or association, organized under the laws of such state.

(2) The homestead of a decedent, and the proceeds thereof if sold during administration, transferred to the spouse or to any minor or dependent child of the decedent, or to any minor or dependent legally adopted child of the decedent, shall be exempt to the extent of \$45,000 of the appraised value thereof. In no case shall the quantity of land considered to be the homestead of a decedent for the purpose of this exemption exceed 120 acres if the land is not included in the laid out or platted portion of a city. If the land is within a laid out or platted portion of a city, its area shall not exceed one-half of an acre. In the case of a decedent's estate wherein no property or beneficial interest therein passing by reason of death is eligible for the homestead exemption because the decedent did not have an interest in property constituting a homestead at the time of his death, there shall be allowed an exemption in lieu of the homestead exemption, in the amount of \$10,000. The exemption shall be allocated among the surviving spouse and the decedent's natural or adopted minor or dependent children in proportion to the total amount of property or any interest therein passing to such spouse and children.

Proceeds of any insurance policy issued by the United States and generally known as war risk insurance, United States government life insurance or national service life insurance payable upon the death of any person dying on or after June 24, 1950, shall be exempt.

Proceeds of life insurance issued pursuant to Public Law 89-214 and generally known as servicemen's group life insurance payable upon the death of any person on or after September 1, 1965, shall be exempt. Claims for refunds of inheritance tax paid on such proceeds shall be accepted by the commissioner if filed with him by December 31, 1970, or within 18 months after such payment, whichever is later.

Proceeds of payments made by the United States government as compensation for the decedent's service as a member of the armed forces of the United States during a period while he was classified as missing in action prior to being declared dead, shall be exempt. The commissioner shall make refunds for inheritance taxes paid which are attributable to payments exempt pursuant to this paragraph upon the filing of a claim by each beneficiary of the estate for his portion of the inheritance tax paid. Claims for refund must be filed with the commissioner no later than July 1, 1982.

(3) Proceeds of payments from the United States railroad retirement fund; or from the United States as social security benefit or veterans burial benefit, shall be exempt.

(3) (i) Property or any beneficial interest therein of the clear value of \$60,000 transferred to the surviving spouse, shall be exempt.

(ii) Provided, where the amount of family maintenance allowed by the probate court is less than the maximum deductible under the provisions of section 201-10, or if no such maintenance is allowed, there shall be allowed to the surviving spouse an additional

exemption equal in amount to the difference between the maximum deduction as provided by section 201-10 and the amount of such family maintenance allowed by the probate court. Further provided, where no probate proceedings are had there shall be allowed to the surviving spouse an additional exemption equal to the maximum deduction allowed for family maintenance under the provisions of section 201-10.

(4) (i) Property or any beneficial interest therein of the clear value of \$30,000 transferred to each minor or dependent child of the decedent, or any minor or dependent legally adopted child of the decedent, shall be exempt.

(ii) Provided, where the decedent left no surviving spouse entitled to the exemption allowed by clause (3) of this section the exemption allowed by subparagraph (ii) of clause (3) shall be allowed to beneficiaries entitled to exemption under the provisions of this clause. In no event shall the aggregate amount of exemption so allowed be in excess of the additional amount that would have been allowed under subparagraph (ii) of clause (3) had such paragraph been applicable.

(5) Property or any beneficial interest therein of the clear value of \$6,000 transferred to any adult child or other lineal descendant of the decedent, any adult legally adopted child, stepchild as defined in section 201-005, or any child to whom the decedent, for not less than ten years prior to his death, stood in the mutually acknowledged relation of a parent, provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday, and was continuous for ten years thereafter, or any lineal issue of such adopted or mutually acknowledged child, or any lineal ancestor of the decedent, shall be exempt.

(6) Property or any beneficial interest therein of the clear value of \$1,500 transferred to any brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or a husband or widower of a daughter of the decedent, shall be exempt.

(7) Property or any beneficial interest therein of the clear value of \$500 transferred to any person in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate not exempt under this chapter, shall be exempt.

Sec. 6. Minnesota Statutes 1978, Section 291.051, is amended to read:

291.051 [MARITAL DEDUCTION] Subdivision 1. For the purposes of this section, the terms defined in this subdivision shall have the meaning given them herein.

"Marital exemption" means 50 percent, but not more than \$250,000, of the net taxable value passing to the surviving spouse of a decedent domiciled in Minnesota at the time of his death.

"Net taxable value" means the gross value passing to the surviving spouse, reduced by the value of real property outside Minnesota and tangible personal property permanently located outside Min-

nesota included in the gross value passing to the surviving spouse, and reduced by the deductions attributable to such gross value pursuant to section 291.07, except subdivision 1, clause (5), but without regard to the exemptions allowed to the surviving spouse by sections 291.05, clauses (1), (2), and (3), and 291.10.

"Marital exemption tax" means a tax imposed at the rates provided by this chapter on the value of property passing to the surviving spouse less the marital exemption, but without regard to the exemptions allowed to the surviving spouse by sections 291.05, clauses (1), (2) and (3) and 291.10.

Subd. 2. If the marital exemption tax on the property passing to the surviving spouse is less than a tax computed on that property under the other provisions of this chapter, the marital exemption tax shall be imposed in lieu of the tax computed under the other provisions. For the purpose of section 3, clause (3), the value of the Minnesota taxable estate shall, except as limited by subsection (b) of Section 2056 of the Internal Revenue Code and by subdivision 2, be determined by deducting from the value of the federal gross estate an amount equal to the value of any interest in property which passes or has passed from the decedent to his surviving spouse, but only to the extent that the interest has a taxable situs in this state and is included in determining the value of the federal gross estate. An interest in property shall be considered as passing from the decedent to his surviving spouse if it is considered as passing from the decedent to the surviving spouse under Section 2056(d) of the Internal Revenue Code.

Subd. 2. [LIMITATION.] The amount of the deduction allowed under this section for a resident decedent shall not exceed the greater of:

(a) \$250,000, or

(b) 50 percent of the value of the federal adjusted gross estate as defined in Section 2056(c)(2)(A) of the Internal Revenue Code,

reduced by an amount equal to the adjustment made, if any, for federal estate tax purposes with respect to any gift or gifts made by the decedent to his spouse after December 31, 1976 under Section 2056(c)(1)(B) of the Internal Revenue Code, and further reduced by the value of any property passing from the decedent to his surviving spouse which is exempt from estate tax under section 291.065 and is included in determining the value of the federal gross estate. In the case of a nonresident decedent, the amount of the deduction allowed under this section shall be determined without reference to subpart (a) of this subdivision.

Sec. 7. Minnesota Statutes 1978, Section 291.06, is amended to read:

291.06 [CREDIT FOR PREVIOUSLY PAID TAXES.] Where property is transferred to any person described in section 291.03, clauses (1) and (2), which can be identified as having been trans-

ferred to the decedent *at death* from a person who died within five years prior to the death of the decedent, and such transfer to the decedent was within the class of transfer described in said section 291.03, clauses (1) and (2); such property shall be exempt to the extent of the value thereof at the date of death of the prior decedent but not to exceed the value at the date of death of the second decedent. Provided, (1) no such exemption shall be allowed unless an inheritance tax was determined and paid to this state on the transfer thereof from the said prior decedent; (2) the exemption shall be limited to the value of property which is in excess of the amount of the exemption provided in section 291.05 allowed on the transfer to the decedent; (3) unless such previously transferred property is specifically devised or bequeathed, the exempt property for purposes of taxation shall be considered as belonging to the residue of the estate; (4) property exempt under this section shall not be included in computing the rate applicable to other transfers to the beneficiary receiving such exempt property or can be identified as having been acquired in exchange for property so received, a credit for any transfer taxes paid pursuant to the provisions of this act or any inheritance tax paid pursuant to the provisions of Minnesota Statutes, Chapter 291 in effect prior to the effective date of this act upon that property during the preceding five years shall be allowed upon the transfer tax at his death. This credit shall not exceed the allocable portion of the tax due with respect to that property for estate tax purposes.

Sec. 8. Minnesota Statutes 1978, Section 291.065, is amended to read:

291.065 [EMPLOYEE RETIREMENT PLANS, EXEMPTION.] *To the extent included in the federal gross estate, the value of an annuity or other payment receivable by a surviving spouse or minor or dependent child of the decedent or a trust for their benefit after December 21, 1956, shall be exempt from inheritance estate tax if received under (1) an employees' trust (or under a contract purchased by an employees' trust) forming part of a pension, stock bonus, or profit sharing plan, which at the time of the decedent's separation from employment (whether by death or otherwise), or at the time of termination of the plan if earlier, met the requirement of section 401(a) of the Internal Revenue Code of 1954, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue; (2) a retirement annuity contract purchased by an employer (and not by an employees' trust) pursuant to a plan, which at the time of the decedent's separation from employment (by death or otherwise), or at the time of termination of the plan if earlier, met the requirements of paragraph (3) of section 401(a) of such code, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue; or (3) a retirement annuity contract purchased by an employer which is an organization referred to in section 503(b) (1) (2) or (3) of such code and which is exempt from tax under section 501(a) of such code, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue any plan, which at the time of the decedent's separation from employment, whether by death or otherwise, or at the time of termination of the*

plan if earlier, qualified under section 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code; (2) a benefit plan for employees of the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions or any other state or its political or governmental subdivisions; or (3) for members of a Minnesota volunteer firefighters' relief association. If such amounts payable after the death of the decedent under a plan described in clause (1) (2) or (3) are attributable to any extent to payments or contributions made by the decedent, no exemption shall be allowed for that part of the value of such amounts in the proportion that the total payments or contributions made by the decedent bears to the total payments or contributions made. For purposes of the preceding sentence, contributions or payments made by the decedent's employer or former employer under a trust or plan described in clause (1) (2) or (3) shall not be considered to be contributed by the decedent.

Sec. 9. Minnesota Statutes 1978, Section 291.07, Subdivision 1, is amended to read:

291.07 [DEDUCTIONS.] Subdivision 1. In determining the tax imposed by section 291.01, where a personal representative has been appointed for the estate, or where a decree of descent for the estate has been entered under section 525.31 or where there have been summary proceedings for the estate if under section 525.51, the following deductions shall be allowed:

(1) funeral expenses;

(2) probate reasonable legal, accounting, fiduciary and administration expenses and fees with respect to both probate and non-probate assets, including but not limited to expenses incurred during administration in converting real and personal property held by the estate into cash;

(3) expenses of last illness unpaid at death;

(4) valid claims against and debts of the decedent, unpaid at death, which have been properly paid;

(5) family maintenance to the extent provided by section 291.10

(6) value of personal property to the extent of the amount allowed under the provisions of section 525.15

(7) federal estate taxes determined as follows:

(a) the value of the net estate taxable in Minnesota reduced by the deduction allowable for transfer for public, charitable and religious use as prescribed by Internal Revenue Code, Section 2055 and by the marital deduction as prescribed by Internal Revenue Code, Section 2056, shall be the numerator of a fraction;

(b) the denominator of the fraction shall be the value of the net estate everywhere reduced by the same class of deductions allowable in subparagraph (a) above;

~~(c)~~ the ratio of the fraction so derived shall be multiplied by the federal estate tax due and payable to the United States Treasury.

~~(d)~~ for purposes of this clause, the net estate is defined as the gross value of the estate on the applicable valuation date reduced by any unpaid mortgages on, or any indebtedness in respect of, property where the decedent's interest therein, undiminished by such mortgage or indebtedness, is included in the value of the gross estate.

~~(8)~~ other taxes which have accrued and are a lien on property in the estate at the time of death

~~(9)~~ reasonable fees for legal or fiduciary services incident to non-probate assets

~~(10)~~ (5) Minnesota and federal income taxes on "income in respect of a decedent," as computed under subdivision 3.

(6) federal estate taxes allocable to the Minnesota taxable estate. The portion of federal estate taxes allocable to the Minnesota taxable estate shall be equal to the amount obtained by multiplying the total federal estate tax by a fraction, the numerator of which is the Minnesota taxable estate plus the amount of the federal estate tax on the estate of the decedent and the denominator of which is the federal taxable estate for federal estate tax purposes;

(7) real estate taxes due and payable prior to or in the year of the decedent's death with respect to real estate subject to taxation under chapter 291 and other taxes which have accrued and are a lien on property in the estate at the time of death;

(8) liens and mortgages on property subject to taxation under chapter 291 which are not deductible as claims or debts of the decedent.

Sec. 10. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.075] [ALTERNATE VALUATION OF QUALIFIED PROPERTY.] *When property subject to the tax imposed by chapter 291 qualifies for valuation based on its use pursuant to section 2032A of the Internal Revenue Code, it shall have the same value for Minnesota estate tax purposes as it has for federal estate tax purposes.*

Sec. 11. Minnesota Statutes 1978, Section 291.08, is amended to read:

291.08 [NONRESIDENT ESTATES: ALLOWANCE OF DEDUCTIONS AND EXEMPTIONS.] ~~(a)~~ Where any a tax is due on the transfer of any property or interest therein owned by a non-resident, the following deductions and exemptions shall be allowed as provided in clauses ~~(b)~~ and ~~(c)~~ below:

~~(b)~~ Deductions.

(1) Funeral expenses to the extent incurred in Minnesota;

(2) Minnesota probate administration expense;

(3) Family maintenance to the extent provided by section 291.10, reduced by the maximum amount allowed or allowable under the laws of the state of residence of the decedent;

(4) Value of personal property to the extent of the amount allowed under section 525.15, reduced by the maximum amount allowed or allowable under the laws of the state of residence of the decedent;

(5) Reasonable legal, accounting, fiduciary and administration fees and expenses allocable to both probate and nonprobate property included in the Minnesota gross estate;

(3) Federal estate taxes subject to the limitations imposed by as computed in section 291.07;

(6) Other (4) Real estate taxes which have accrued and are a lien on Minnesota property at the time of death, or which are owed to Minnesota in respect of taxable income, due and payable prior to or in the year of the decedent's death.

(5) Liens and mortgages on property included in the Minnesota gross estate.

(7) Reasonable fees for legal or fiduciary services incident to nonprobate assets taxable in Minnesota.

(c) Exemptions. The exemptions applicable to the person entitled to a beneficial interest shall be allowed as in the case of residents under section 291.05, reduced by the maximum exemption allowed or allowable under the laws of the state of residence of the decedents.

Sec. 12. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 1a. In all instances in which a resident decedent dies after December 31, 1979 and before January 1, 1981 leaving a federal gross estate in excess of \$161,000 and in all instances in which a resident decedent dies after December 31, 1980 leaving a federal gross estate in excess of \$175,000, and the decedent has an interest in property with a situs in Minnesota, and in all instances in which a non-resident decedent has a liability under chapter 291, the personal representative shall submit to the commissioner, on a form prescribed by the commissioner, a Minnesota estate tax return. The return shall be accompanied by a federal estate tax return and shall contain a computation of the Minnesota estate tax due. The return shall be signed by the personal representative.

Sec. 13. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 2a. The commissioner may designate on the return the documents that are required to be filed together with the return

in order to determine the proper valuation of assets and computation of tax. The commissioner shall not be bound by any item on the return unless he has received all required documents and unless all items of information on the return have been completed.

Sec. 14. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 3a. (a) The commissioner may challenge matters of valuation or taxability of any assets reported on the return, or any deductions claimed, or the computation of tax, only if within 90 days of receipt of the return and all documents required to be filed with the return, the commissioner mails or delivers a written notice to the personal representative objecting to the return as filed and specifying the reasons for the objection.

(b) If the personal representative disagrees with the objection or does not wish to fully comply with the objection, he may request that the commissioner hold a hearing on the objection. Within 30 days of receipt of a request, the commissioner shall set a time and place for hearing. Unless otherwise agreed upon, the hearing date shall not be earlier than 30 days nor later than 60 days from the date of the notice setting the hearing. The notice of hearing shall set forth the rights available to the personal representative under chapter 15. Not later than 30 days after the commissioner receives the report and recommendation of the hearing examiner, or a written waiver of his hearing rights by the personal representative, the commissioner shall issue an order determining the tax. Any such determination made by the commissioner may be appealed to the tax court as provided in section 271.09.

(c) At any time together with or after the objection, the commissioner, on his own initiative, may set a time and place for a hearing in accordance with (b) above.

(d) In his objection, or at any time thereafter, the commissioner may assess any additional tax as the facts may warrant, subject to the right of the personal representative to demand a hearing under chapter 15. If the personal representative does not demand a hearing within 90 days of the date of the assessment, the tax so assessed shall be legally due and the commissioner may proceed to collect any unpaid tax after one year from the date of death. If the commissioner later finds the tax assessment to be erroneous, he may adjust the assessment prior to collection.

(e) The commissioner shall not be required to object to any subsequent original, amended or supplemental return in order to preserve his rights. The commissioner shall not be precluded from objecting to a subsequent original, amended or supplemental return even though an original return was accepted as filed. If the commissioner had accepted an original return showing no tax due and a subsequent original, amended or supplemental return discloses additional assets not disclosed on the original return,

the commissioner may object to any matter of valuation, taxability, deduction or computation of tax on the original return within 90 days of receipt of the subsequent original, amended or supplemental return.

(f) Subject to the provisions of section 291.11, the Minnesota estate tax liability shall be considered as finally determined on the date notification of acceptance is issued to the personal representative or, if no objection is filed, on the 91st day after the return, together with all other documents required to be filed with the return, is received.

(g) Subject to the time limits imposed elsewhere in this chapter, the commissioner may refund an overpayment of tax penalty or interest even though the personal representative has not made an application for refund.

Sec. 15. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 4a. If any estate tax return required to be filed pursuant to the provisions of this section has not been filed, the commissioner may make and file a return including a computation of the tax resulting from the transfers therein reported. At the time of the filing the commissioner shall mail copies of the return to the personal representative, if any, and to each person from whom any portion of the tax is due. The return may be objected to and a hearing held on the objections in the manner provided in subdivision 3a.

Sec. 16. Minnesota Statutes 1978, Section 291.09, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding other provisions of this chapter, when agreed in writing between the commissioner and the representative, values for purposes of the inheritance estate tax on both probate and non-probate assets shall be the same as those finally determined for purposes of the federal estate tax on a decedent's estate.

Sec. 17. Minnesota Statutes 1978, Section 291.09, Subdivision 7, is amended to read:

Subd. 7. The inheritance estate tax return, except as otherwise provided in this chapter, shall be filed with the commissioner within 12 months after the decedent's death.

Sec. 18. Minnesota Statutes 1978, Section 291.11, Subdivision 1, is amended to read:

291.11 [TIME EFFECTIVE.] Subdivision 1. [UPON DEATH; TIME OF ASSESSMENT.] (a) All taxes imposed by this chapter shall take effect at and upon the death of the person from whom the transfer is made whose estate is subject to taxation and shall be due and payable at the expiration of 12 months from such death, except as otherwise provided in this chapter. Provided, that any taxpayer who owes at least \$5,000 in taxes may choose to pay these taxes in five equal installments over a

period of time not to exceed five years from the death of the person from whom the transfer is made *whose estate is subject to taxation* or five years from the expiration of the extension granted by the commissioner pursuant to section 291.132, whichever is later. When a taxpayer elects to pay the tax in installments, he shall notify the commissioner in writing no later than 12 months after the death of the person from whom the transfer is made *whose estate is subject to taxation*. If the taxpayer fails to pay an installment on time, the election shall be revoked and the entire amount of unpaid tax shall be due and payable 90 days after the date on which the installment was payable.

(b) (A) False return—in the case of a false or fraudulent return with the intent to evade tax, any additional tax resulting therefrom may be assessed at any time.

(B) No return—in the case of failure to file a return, the tax may be assessed at any time.

(C) Omissions—in the case where there is omitted from the estate items subject to tax under this chapter the tax on such omitted items may be assessed at any time.

In determining the items omitted, there shall not be taken into account any item which has been disclosed in the return or in a statement attached to the return in a manner adequate to apprise the commissioner of the nature and amount of such item.

(c) Where, before the expiration of the time prescribed in this chapter for the determination or adjustment of the tax, the commissioner and the taxpayer shall consent in writing to the extension of time for such determination or adjustment the tax may be determined at any time prior to the expiration agreed upon and in the manner agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

(d) The estate tax prescribed in section 291.34, notwithstanding the period of limitations prescribed for determination of the inheritance tax in this chapter shall be determined by the commissioner not later than 90 days following the filing of the Minnesota estate tax return with the commissioner, together with a copy of the federal audit report or the closing letter accepting the federal return as originally filed.

Sec. 19. Minnesota Statutes 1978, Section 291.111, Subdivision 1, is amended to read:

291.111 [TAXATION OF DISCLAIMED INTERESTS.] Subdivision 1. Transfers of any interest in real or personal property and all rights and powers relating to the same which have been duly disclaimed pursuant to the provisions of sections 501.211 and 525.532, or in any manner provided in subdivision 2 shall be subject to the inheritance *estate* tax imposed by this chapter, and acts amendatory thereof only if, and to the same extent and in the same manner as, the same would have been subject to

said tax if said interests, rights or powers had been originally created in favor of and transferred to the same persons and in the same shares in which they are effectively distributed or otherwise disposed of, after giving full effect to such disclaimers, pursuant to the governing instrument, if any, and sections 501.211 and 525.532 and all other applicable law.

Sec. 20. Minnesota Statutes 1978, Section 291.132, is amended to read:

291.132 [EXTENSION TO FILE OR PAY.] *Subdivision 1.* The commissioner may extend the time for filing returns or making payment of the tax, without penalty, for a period not to exceed six months. In lieu of the six month extension, the commissioner may extend the time for payment of the tax, without penalty, for a period not to exceed two years if the payment of the tax would result in an undue hardship on the estate. The written request for the undue hardship extension shall be made to the commissioner no later than 12 months after the death of the person from whom the transfer is made. The taxpayer may elect to pay the taxes in installments as specified in section 291.11, subdivision 1, provided that the period of time for the payment of the taxes shall not exceed five years from the expiration of the extension granted by the commissioner. Where an extension of time has been granted, interest shall be payable at the rate specified in section 270.75 from the date when such payment should have been made, if no extension had been granted, until such tax is paid.

Subd. 2. In lieu of an extension provided pursuant to subdivision 1 or payment of the estate tax in installments pursuant to section 291.11 on the property which qualifies under this subdivision, the commissioner may extend the time for payment of the tax on property which qualifies for valuation under section 10. The personal representative of an estate containing such property may elect to pay all or part of the tax imposed by chapter 291 in two or more, but not to exceed ten, equal installments, provided that the maximum amount of tax which may be paid in installments pursuant to this subdivision shall be an amount which bears the same ratio to the estate's tax liability under chapter 291 as the value of property determined pursuant to section 12 bears to the amount of the taxable estate. The first installment shall be paid on or before the date selected by the personal representative. The date may be no more than five years after the date prescribed by section 291.11, subdivision 1, for payment of the estate tax. Each succeeding installment shall be paid on or before that same date each year. An election under this subdivision shall be made not later than the time prescribed by section 291.11 for filing of the estate tax return and shall be made in the manner as the commissioner shall prescribe by rule.

Subd. 3. If the time for payment of estate tax has been extended under subdivision 2, interest shall be payable as provided in this subdivision.

(a) Interest payable under section 291.15 on any unpaid portion of the amount attributable to the first five years after the

date prescribed by section 291.11 for payment of the tax shall be paid annually.

(b) Interest payable under section 291.15 on any unpaid portion of the amount attributable to any period after the five year period referred to in clause (a) shall be paid annually at the same time as, and as part of, each installment payment of the tax.

(c) If the executor has selected a period shorter than five years under subdivision 2 the shorter period shall be substituted for five years in clauses (a) and (b).

Sec. 21. Minnesota Statutes 1978, Section 291.14, is amended to read:

291.14 [PERSONAL LIABILITY OF PERSONAL REPRESENTATIVE AND TRANSFEREE.] Subdivision 1. Every tax imposed by this chapter shall be a lien upon the property embraced in any inheritance, devise, bequest, legacy, or gift until paid, and The personal representative and person to whom such property which is subject to taxation under chapter 291 is transferred shall be personally liable for such tax, until its payment, to the extent of the value of such the property. No such lien shall be enforced against real property, included in the probate estate, unless the state shall assert the same by filing a statement of its lien in the office of the county recorder or registrar of titles in the county wherein such real estate may be situated, within ten years after the date of any deed of distribution or decree of distribution which may be entered in the estate involved.

Subd. 1a. (1) Where an order approving distribution of property is not issued by the court, any tax due on the transfer of such property or interest to a devisee or to heirs who are entitled under the statutes of intestate succession shall be a lien upon such property until the tax imposed by this chapter is paid.

(2) The lien shall not be enforced against real property subject to the provisions of clause (1) unless the state asserts it by filing a statement of lien in the office of the county recorder or the registrar of titles in the county where the real estate is situated within ten years from the date of recording a copy of the death record of the testate or intestate decedent, as the case may be, together with a statement by the commissioner acknowledging receipt of an inventory and appraisal listing the real property.

(3) When the tax on property subject to the provisions of this subdivision has been paid, or if there be deposited with the commissioner a sum of money in an amount equal to the tax which, in the judgment of the commissioner may be due upon the transfer of the property, or if there is no tax required to be paid, the commissioner shall certify on an affidavit prescribed by him or instrument of conveyance that the lien for inheritance tax has been satisfied or has been waived, as the case may be. The affidavit or instrument of conveyance so certified may be recorded as are other instruments affecting the title to real estate.

Subd. 2. (1) Except as provided in clause (4) of this subdivision, where a lien for inheritance tax imposed under this chapter may be enforced against real property transferred to surviving joint tenants, or upon property transferred by a decedent during such decedent's lifetime, the surviving joint tenants or the transferees of the property so transferred by the decedent shall file on a form prescribed by the commissioner a schedule of non-probate assets listing the property or interest taxable. Any tax due on the transfer of such property or interest to the surviving joint tenants or to the transferees of the property so transferred by the decedent shall be reported on an inheritance tax return filed with the commissioner pursuant to section 201-09, and shall be a lien upon the interest of the surviving joint tenants or the transferees, until paid, and the surviving joint tenants or the transferees shall be personally liable for such tax to the extent of the value of such property.

(2) No lien shall be enforced against real property subject to the provision of clause (1) of this subdivision unless the state shall assert the same by filing a statement of such lien in the office of the county recorder or registrar of titles in the county wherein such real estate may be situated within ten years from the date of recording a copy of the death record of the deceased joint tenant or deceased transferor, together with a copy of the schedule of non-probate assets required to be filed with the commissioner pursuant to clause (1) of this subdivision, which copy shall have been duly acknowledged by the commissioner.

(3) Where the tax on property subject to the provisions of clause (1) of this subdivision has been paid, or if there is deposited with the commissioner cash in an amount equal to the tax which, in the judgment of the commissioner, may be due upon the transfer of such property, or if there is no tax required to be paid, the commissioner shall certify on an affidavit of survivorship remainderman, described by the commissioner, that the lien has been satisfied or waived as the case may be. The affidavit so certified may be recorded as are other instruments affecting the title to real estate.

(4) (a) (i) When the decedent's death occurred subsequent to April 20, 1939, the provisions of this clause shall apply to the spouse, minor or dependent natural or adopted child of the decedent, or to the combination of classes of persons included herein;

(ii) When decedent's death occurred in the period beginning on April 21, 1939, and ending April 25, 1949, the provisions of this clause shall apply to the spouse, minor or dependent natural or adopted child or any other issue of the decedent, or to any combination of classes of persons included in this subparagraph (ii);

(b) Where the homestead is held in joint tenancy with the right of survivorship by the decedent and persons meeting the conditions described in (a) above, an affidavit in the form and manner prescribed by the commissioner, may be delivered to the county recorder or the registrar of titles. Such affidavit shall declare

(i) that the surviving joint tenant or tenants were members of the classes described in (a) above at the date of decedent's death (if any of the surviving joint tenants were minors, state date of such minor's birth);

(ii) that the property described as the homestead was owned and occupied by the decedent as his principal dwelling place at date of death;

(iii) that the quantity of land included in such property is not in excess of 120 acres, and not included in the laid out or platted portion of any city. If the land is within a laid out or platted portion of a city, its area shall not exceed one-half of an acre;

(iv) that the gross market value of such property at date of death was not in excess of \$45,000;

(v) the affidavit to be delivered to the county recorder or registrar of titles shall have attached thereto a certified copy of the death certificate with respect to the death of the deceased joint tenant;

The affidavit shall be in lieu of an affidavit of survivorship certified by the commissioner and shall extinguish the lien imposed on such property by clause (2) of this subdivision, and shall be recorded or filed as a document affecting the title to the real estate. The county recorder or registrar of titles shall not be required to verify the declarations made in such affidavit.

(c) A copy of the affidavit (which need not bear a copy of the death certificate) shall be supplied to the county recorder or registrar of titles; he will forward this copy to the commissioner at his office in St. Paul, Minnesota.

(d) Where it appears that a schedule of non-probate assets would otherwise not be required to be filed, the property, the lien on which has been extinguished in accordance with the provisions of paragraph (a) above, need not be reported on a schedule of non-probate assets.

Subd. 4. The lien of the state for inheritance taxes payable by a personal representative shall not extend to any right acquired by a bona fide purchaser, mortgagee, or lessee through any conveyance made by such personal representative, provided that such personal representative delivers to the county recorder or registrar of titles, as the case may be, a declaration that the property described therein has been sold to a bona fide purchaser, or has been mortgaged or leased, as the case may be. The declaration so submitted shall have attached thereto a certified copy of letters evidencing the appointment of such personal representative. The county recorder or registrar of titles shall submit a copy of such declaration to the commissioner at his office in St. Paul, Minnesota, without any requirement that the statements made therein by such personal representative have been verified. The lien so extinguished with respect to such bona fide purchaser, mortgagee or lessee shall not be reinstated or challenged by the commissioner.

Sec. 22. Minnesota Statutes 1978, Section 291.19, Subdivision 3, is amended to read:

Subd. 3. Any personal representative, trustee, heir or legatee of a nonresident decedent desiring to transfer property having its situs in this state may make application to the commissioner of revenue for the determination of whether there is any tax due to the state on account of the transfer of the decedent's property and such applicant shall furnish to the commissioner of revenue therewith an affidavit setting forth a description of all property owned by the decedent at the time of his death and having its situs in the state of Minnesota, the value of such property at the time of said decedent's death; also when required by the commissioner of revenue, a description of and statements of the true value of all the property owned by the decedent at the time of his death and having its situs outside the state of Minnesota, and also a schedule or statement of the valid claims against the estate of the decedent, including the expenses of his last sickness and funeral and the expenses of administering his estate, to the extent that such claims were incurred within this state. Such person shall also, on request of the commissioner of revenue, furnish to the latter a certified copy of the last will of the decedent in case he died testate, or an affidavit setting forth the names, ages and residences of the heirs at law of the decedent in case he died intestate and the proportion of the entire estate of such decedent inherited by each of said persons, and the relation, if any, with each legatee, devisee, heir, or transferee sustained to the decedent or person from whom the transfer was made. Such affidavits shall be subscribed and sworn to by the personal representative of the decedent or some other person having knowledge of the facts therein set forth.

Sec. 23. Minnesota Statutes 1978, Section 291.20, Subdivision 1, is amended to read:

291.20 [SAFETY DEPOSIT COMPANIES NOT TO TRANSFER FUNDS.] Subdivision 1. No person holding securities or assets belonging at the time of death of a decedent to him or to him and another or others as joint tenants, or having on deposit funds in excess of \$1,000 to the credit of a decedent, or to the decedent and another or others as joint tenants, or to the credit of the decedent as trustee for another or others, or renting a safe deposit box or other place of safekeeping to a decedent, individually or as joint tenant or tenant in common, shall deliver or transfer the same to any person, or permit any person to have access thereto, unless notice of the time and place of such intended transfer or access be served upon the county treasurer, personally or by representative, in which event the county treasurer, personally or by representative, may examine said securities, assets, funds or contents of such safe deposit box, at the time of such delivery, transfer or access. If, upon such examination the county treasurer or his representative shall for any cause deem it advisable that such securities, assets or funds should not be immediately delivered or transferred, or access to said safe deposit box or other place of safekeeping should not immediately be granted, he may

forthwith notify in writing such person to defer delivery or transfer or access, as the case may be, for a period not to exceed ten days from the date of such notice, and thereupon it shall be the duty of the person notified to defer such delivery, transfer or access until the time stated in such notice or until prior revocation thereof. Failure to serve the notice first above mentioned, or to allow such examination, or to defer delivery or transfer of such securities, assets, or funds, or to refuse access to such safe deposit box or other place of safekeeping for the time stated in the second of such notices, shall render such person liable to the payment of the tax due, not exceeding \$1,000, upon the transfer of said securities, assets, or funds, or upon securities, assets, or moneys in such safe deposit box or other place of safekeeping, pursuant to the provisions of this act; provided, however, that nothing herein contained shall subject such person to liability for the payment of any such tax unless such person had knowledge of the death of the decedent prior to such delivery or transfer of such securities, assets, or funds, or entry to said safe deposit box or other place of safekeeping. The word "person" as used herein shall include individual persons, safe deposit companies, banks, trust companies, savings and loan associations, partnerships and all other organizations.

Any person seeking access to any safe deposit box upon the death of any person who at the time of his death was a tenant thereof either individually or as joint tenant or tenant in common, or seeking to withdraw securities, assets or funds belonging to the decedent or which decedent had the right to withdraw, shall notify the person renting such safe deposit box or holding such securities, assets or funds of the decedent's death. Any person who wilfully fails to give the notice of the death of the decedent required by this paragraph with intent to evade taxes due hereunder shall be guilty of a misdemeanor. It shall be a complete defense to any prosecution under the provisions of this subdivision that no inheritance estate tax was due from the decedent's estate.

Sec. 24. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.215] [VALUATION OF ESTATE; REPORTING.] *Subdivision 1. The valuation of all property includable in the Minnesota taxable estate of a decedent shall be subject to review and approval of the commissioner of revenue.*

Subd. 2. Before the final settlement of an estate the personal representative shall furnish an amended estate tax return listing all property and taxable transfers or other events of which he has become aware since the first estate tax return was made which would result in a change in either the amount of the estate tax initially determined or the statements made by the affiant therein. He also shall furnish copies of any documents or records and any other information relating to the estate or its value upon request of the commissioner of revenue.

Subd. 3. The personal representative shall file an amended estate tax return within 90 days after any amended estate tax return

is filed pursuant to the provisions of the United States Internal Revenue Code. If no amended federal estate tax return is filed but the federal estate tax return is changed or corrected, the change or correction shall be reported to the commissioner of revenue within 90 days after the final determination of the change or correction is made. Upon receipt of an amended federal estate tax return or upon notification of any change or correction made on the federal estate tax return, the commissioner of revenue may reassess the estate tax.

Sec. 25. Minnesota Statutes 1978, Section 291.27, is amended to read:

291.27 [UNPAID TAX; OMITTED PROPERTY.] *If any tax is due and unpaid under the provisions of this chapter, the representative, the county attorney of the county in which an estate is probated, the attorney general or the commissioner may apply to the probate court for a citation, citing the persons liable to pay such tax to appear before the court on a day specified, not more than three months from the date of such citation, and show cause why the tax should not be paid. The judge of the probate court, upon such application, and whenever it shall appear to him that any such tax accruing under this chapter has not been paid as required by law, shall issue such citation, and the service of such citation, and the time, manner, and proof thereof, and the hearing and determination thereon, shall conform, as near as may be, to the provisions of the probate code of this state, and whenever it shall appear that any such tax is due and payable and the payment thereof cannot be enforced under the provisions of this chapter in the probate court, the person or corporation from whom the same is due is hereby made liable to the state for the amount of such tax.*

Any tax due and unpaid under the provisions of this chapter may be enforced and collected from any transferee of property included in the Minnesota estate by action in a the court of administration of the estate of the decedent or in a court of general jurisdiction by the personal representative of any estate, or by action, in the name of the state, brought by the attorney general, the county attorney or the commissioner in the name of the state.

Any property which for any cause is omitted from an appraisal, inventory, or schedule of non-probate assets the Minnesota estate tax return so that its value is not taken into consideration in the determination of the inheritance taxes estate tax, may be subsequently taxed against the persons receiving the same, or any part thereof, to the same effect as if included in the original appraisal, inventory, schedule of non-probate assets, inheritance estate tax return and determination, except that any personal representative of an estate discharged from his trust in the meantime shall not be liable for the payment of such tax. When any property has been thus omitted in the determination of an inheritance estate tax, such taxes the tax thereon may be determined and recovered in a civil action brought by the attorney general or the commissioner, in the name of the state, in any court of general jurisdiction, or may

be prosecuted to collection by citation and subsequent proceedings in the probate court wherein the estate was administered.

Sec. 26. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.48] [PUBLICITY OF RETURNS; INFORMATION.] *It shall be unlawful for the commissioner or any other public official, employee or former employee to divulge or otherwise make known in any manner any particulars set forth or disclosed in any report or return required by chapter 291 or 292 or information acquired while examining or auditing any taxpayer's liability for taxes thereunder, except in connection with a proceeding involving taxes due under chapter 291 or 292 from the taxpayer making the return. The commissioner may furnish a copy of any return or report to any official of the United States or any state having duties to perform in respect to the assessment or collection of any inheritance, estate, or gift tax, if the taxpayer is required by the laws of the United States or of the other state to make a return therein. Nothing herein contained shall be construed to prohibit the commissioner from publishing statistics so classified as not to disclose the identity of particular property, decedents, heirs, or personal representatives, returns or reports and the contents thereof. Any person violating the provisions of this section shall be guilty of a gross misdemeanor.*

The return of a decedent or donor shall, upon written request, be open to inspection by or disclosure to (a) the administrator, executor, or trustee of his estate, and (b) any heir at law, next of kin, or beneficiary under the will of the decedent, and any other person whose basis in property is determined in whole or part by values set forth in the return, or (c) a donee of the property, but only if the commissioner finds that the heir, next of kin, beneficiary or other person or donee has a material interest which will be affected by information contained therein.

Sec. 27. Minnesota Statutes 1978, Section 291.33, Subdivision 1, is amended to read:

291.33 [PAYMENTS TO COUNTIES.] Subdivision 1. On or before the first of November in each year the commissioner shall determine the net amount of inheritance tax, Minnesota estate tax and interest collected thereon which has been paid to the commissioner during the fiscal year ending June 30 next preceding from estates in each of the several counties of this state wherein probate proceedings have been had or where, if no probate proceedings have been required, wherein are located the probate courts that would have had venue under the provisions of section 524.3-201, had there been assets of decedents subject to probate.

For purposes of this subdivision net amount shall be the total amount paid from each of the several counties under the provisions of this chapter, during the appropriate fiscal year, reduced by the refunds made by the commissioner applicable to each of the several counties under the provisions of this chapter, during the same fiscal year.

Sec. 28. Minnesota Statutes 1978, Section 352.15, Subdivision 1, is amended to read:

352.15 [EXEMPTION FROM PROCESS AND TAXATION.] Subdivision 1. None of the moneys, annuities, or other benefits mentioned herein shall be assignable either in law or in equity or be subject to execution, levy, attachment, garnishment, or other legal process, or to any state income tax or state inheritance estate tax, except that none shall be exempt from taxation under chapter 201, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Provided, however, the executive director may pay an annuity, benefit or refund to a banking institution, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former employee, the executive director may mail the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such employee's account or joint account with his spouse. The board of directors may prescribe the conditions under which such payments will be made.

Sec. 29. Minnesota Statutes 1978, Section 353.15, is amended to read:

353.15 [NONASSIGNABILITY AND EXEMPTION OF ANNUITIES AND BENEFITS FROM JUDICIAL PROCESS AND TAXATION.] No money, annuity, or benefit provided for in this chapter is assignable or subject to a power of attorney, execution, levy, attachment, garnishment, or legal process, including actions for divorce, legal separation, and child support, or to any state income tax or state inheritance estate tax, except that none shall be exempt from taxation under chapter 201, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Provided, however, the association may pay an annuity, benefit or refund to a trust company, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former member, the association may mail the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such person's account or joint account with his spouse. The association may prescribe the conditions under which such payment will be made. If in the judgment of the executive director conditions so warrant, payment may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe.

Sec. 30. Minnesota Statutes 1978, Section 354.10, is amended to read:

354.10 [FUND NOT SUBJECT TO ASSIGNMENT OR PROCESS; BENEFICIARIES.] The right of a teacher to avail himself of the benefits provided by this chapter, is a personal right only and shall not be assignable. All moneys to the credit of a teacher's account in the fund or any moneys payable to him from the fund shall belong to the state of Minnesota until actually paid to

the teacher or his beneficiary pursuant to the provisions of this chapter. Any power of attorney, assignment or attempted assignment of a teacher's interest in the fund, or of the beneficiary's interest therein, by a teacher or his beneficiary, including actions for divorce, legal separation, and child support, shall be null and void and the same shall be exempt from garnishment or levy under attachment or execution and from all taxation by the state of Minnesota, except that none shall be exempt from taxation under chapter 291; unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Provided however, the board may pay an annuity or benefit to a banking institution, qualified under chapter 48, that is a trustee for a person eligible to receive such annuity or benefit. Upon completion of the proper forms as provided by the board, the annuity or benefit check may be mailed to a banking institution, savings association or credit union for deposit to the recipient's individual account or joint account with his or her spouse. The board shall prescribe the conditions which shall govern these procedures. If in the judgment of the executive director conditions so warrant, payment may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe. Any beneficiary designated by a teacher under the terms of this chapter, may be changed or revoked by the teacher at his pleasure, in such manner as the board may prescribe. In case a designated beneficiary dies before the teacher designating him dies, and a new beneficiary is not designated, the teacher's estate shall be the beneficiary.

Sec. 31. Minnesota Statutes 1978, Section 354A.11, is amended to read:

354A.11 [CERTAIN MONEYS AND CREDITS OF TEACHERS EXEMPT.] All moneys deposited by a teacher or member or deposited by any other person or corporation, municipal or private, to the credit of such teacher or member in a corporation organized as a "Teachers Retirement Fund Association" under sections 354A.03 to 354A.10, and all moneys, rights, and interests or annuities due or to become due to such teacher, member, or annuitant, or their beneficiaries, from any such association shall not be assignable, shall be exempt from garnishment, attachment, and execution or sale on any final process issued from any court and shall not be subject to the inheritance estate tax provisions of this state if transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit.

Sec. 32. Minnesota Statutes 1978, Section 524.3-706, is amended to read:

524.3-706 [DUTY OF PERSONAL REPRESENTATIVE; INVENTORY AND APPRAISEMENT.] Within three months after his appointment, a personal representative, who is not a special administrator or a successor to another representative who has previously discharged this duty, shall prepare and file with the court or registrar and mail to the surviving spouse, if there be one, and to all residuary distributees an inventory of property owned by the decedent at the time of his death, listing it with

reasonable detail, and indicating as to each listed item, its fair market value as of the date of the decedent's death, and the type and amount of any encumbrance that may exist with reference to any item.

The personal representative shall also mail a copy of the inventory to interested persons or creditors who request it, and shall file an executed copy of the Minnesota inheritance tax return with the court or registrar.

Sec. 33. Minnesota Statutes 1978, Section 524.3-916, is amended to read:

524.3-916 [APPORTIONMENT OF ESTATE TAXES.] (a) For purposes of this section:

(1) "estate" means the gross estate of a decedent as determined for the purpose of federal estate tax and the estate tax payable to this state;

(2) "person" means any individual, partnership, association, joint stock company, corporation, government, political subdivision, governmental agency, or local governmental agency;

(3) "person interested in the estate" means any person entitled to receive, or who has received, from a decedent or by reason of the death of a decedent any property or interest therein included in the decedent's estate. It includes a personal representative, conservator, and trustee;

(4) "state" means any state, territory, or possession of the United States, the District of Columbia, and the Commonwealth of Puerto Rico;

(5) "tax" means the federal estate tax and the state estate tax determined by the commissioner of revenue pursuant to ~~section 291.34~~ *chapter 291* and interest and penalties imposed in addition to the tax;

(6) "fiduciary" means personal representative or trustee.

(b) Unless the will or other written instrument otherwise provides, the tax shall be apportioned among all persons interested in the estate. The apportionment is to be made in the proportion that the value of the interest of each person interested in the estate bears to the total value of the interests of all persons interested in the estate. The values used in determining the tax are to be used for that purpose. If the decedent's will or other written instrument directs a method of apportionment of tax different from the method described in this code, the method described in the will or other written instrument controls.

(c)(1) The court in which venue lies for the administration of the estate of a decedent, on petition for the purpose may determine the apportionment of the tax.

(2) If the court finds that it is inequitable to apportion interest and penalties in the manner provided in subsection (b), because

of special circumstances, it may direct apportionment thereof in the manner it finds equitable.

(3) If the court finds that the assessment of penalties and interest assessed in relation to the tax is due to delay caused by the negligence of the fiduciary, the court may charge him with the amount of the assessed penalties and interest.

(4) In any action to recover from any person interested in the estate the amount of the tax apportioned to the person in accordance with this code the determination of the court in respect thereto shall be prima facie correct.

(d)(1) The personal representative or other person in possession of the property of the decedent required to pay the tax may withhold from any property distributable to any person interested in the estate, upon its distribution to him, the amount of tax attributable to his interest. If the property in possession of the personal representative or other person required to pay the tax and distributable to any person interested in the estate is insufficient to satisfy the proportionate amount of the tax determined to be due from the person, the personal representative or other person required to pay the tax may recover the deficiency from the person interested in the estate. If the property is not in the possession of the personal representative or the other person required to pay the tax, the personal representative or the other person required to pay the tax may recover from any person interested in the estate the amount of the tax apportioned to the person in accordance with Laws 1975, Chapter 347.

(2) If the property held by the personal representative is distributed prior to final apportionment of the tax, the distributee shall provide a bond or other security for the apportionment liability in the form and amount prescribed by the personal representative.

(e)(1) In making an apportionment, allowances shall be made for any exemptions granted, any classification made of persons interested in the estate and for any deductions and credits allowed by the law imposing the tax.

(2) Any exemption or deduction allowed by reason of the relationship of any person to the decedent or by reason of the purposes of the gift inures to the benefit of the person bearing such relationship or receiving the gift; but if an interest is subject to a prior present interest which is not allowable as a deduction, the tax apportionable against the present interest shall be paid from principal.

(3) Any deduction for property previously taxed and any credit for gift taxes or death taxes of a foreign country paid by the decedent or his estate inures to the proportionate benefit of all persons liable to apportionment.

(4) Any credit for inheritance, succession or estate taxes or taxes in the nature thereof applicable to property or interests includable in the estate, inures to the benefit of the persons or

interests chargeable with the payment thereof to the extent proportionately that the credit reduces the tax.

(5) To the extent that property passing to or in trust for a surviving spouse or any charitable, public or similar gift or devisee is not an allowable deduction for purposes of the tax solely by reason of an inheritance tax or other death estate tax imposed upon and deductible from the property, the property is not included in the computation provided for in subsection (b) hereof, and to that extent no apportionment is made against the property. The sentence immediately preceding does not apply to any case if the result would be to deprive the estate of a deduction otherwise allowable under section 2053(d) of the Internal Revenue Code of 1954, as amended, of the United States, relating to deduction for state death taxes on transfers for public, charitable, or religious uses.

(f) No interest in income and no estate for years or for life or other temporary interest in any property or fund is subject to apportionment as between the temporary interest and the remainder. The tax on the temporary interest and the tax, if any, on the remainder is chargeable against the corpus of the property or funds subject to the temporary interest and remainder.

(g) Neither the personal representative nor other person required to pay the tax is under any duty to institute any action to recover from any person interested in the estate the amount of the tax apportioned to the person until the expiration of the three months next following final determination of the tax. A personal representative or other person required to pay the tax who institutes the action within a reasonable time after the three month period is not subject to any liability or surcharge because any portion of the tax apportioned to any person interested in the estate was collectible at a time following the death of the decedent but thereafter became uncollectible. If the personal representative or other person required to pay the tax cannot collect from any person interested in the estate the amount of the tax apportioned to the person, the amount not recoverable shall be equitably apportioned among the other persons interested in the estate who are subject to apportionment.

(h) A personal representative acting in another state or a person required to pay the tax domiciled in another state may institute an action in the courts of this state and may recover a proportionate amount of the federal estate tax, of an estate tax payable to another state or of a death duty due by a decedent's estate to another state, from a person interested in the estate who is either domiciled in this state or who owns property in this state subject to attachment or execution. For the purposes of the action the determination of apportionment by the court having jurisdiction of the administration of the decedent's estate in the other state is prima facie correct.

Sec. 34. Minnesota Statutes 1978, Section 524.3-1001, is amended to read:

524.3-1001 [FORMAL PROCEEDINGS TERMINATING ADMINISTRATION; TESTATE OR INTESTATE; ORDER OF DISTRIBUTION, DECREE, AND GENERAL PROTECTION.] (a) (1) A personal representative or any interested person may petition for an order of complete settlement of the estate. The personal representative may petition at any time, and any other interested person may petition after one year from the appointment of the original personal representative except that no petition under this section may be entertained until the time for presenting claims which arose prior to the death of the decedent has expired. The petition may request the court to determine testacy, if not previously determined, to consider the final account or compel or approve an accounting and distribution, to construe any will or determine heirs and adjudicate the final settlement and distribution of the estate. After notice to all interested persons and hearing the court may enter an order or orders, on appropriate conditions, determining the persons entitled to distribution of the estate, and, as circumstances require, approving settlement and directing or approving distribution of the estate and discharging the personal representative from further claim or demand of any interested person.

(2) In such petition for complete settlement of the estate, the petitioner may apply for a decree. Upon the hearing, if in the best interests of interested persons, the court may issue its decree which shall determine the persons entitled to the estate and assign the same to them in lieu of ordering the assignment by the personal representative. The decree shall name the heirs and distributees, state their relationship to the decedent, describe the property, and state the proportions or part thereof to which each is entitled. In the estate of a testate decedent, no heirs shall be named in the decree unless all heirs be ascertained.

(3) In solvent estates, the hearing may be waived by written consent to the proposed account and decree of distribution or order of distribution by all heirs or distributees, and the court may then enter its order allowing the account and issue its decree or order of distribution.

(4) The court shall have the power in its decree or order of distribution to waive the lien of inheritance estate taxes, find that the taxes have been satisfied by payment or, decree the property subject to the lien; provided, however, where a decree or order for distribution is issued, the personal representative shall not be discharged until all property is paid or transferred to the persons entitled thereto, and has otherwise fully discharged his trust. If objections are filed with the court by the commissioner of revenue, no discharge shall be issued until the objections are determined. ~~The court shall send a copy of the decree, upon issuance, to the commissioner of revenue. If no objection is filed, the court shall have the power to settle and distribute the estate and discharge the personal representative without regard to tax obligations.~~

(b) If one or more heirs or devisees were omitted as parties in, or were not given notice of, a previous formal testacy proceeding,

the court, on proper petition for an order of complete settlement of the estate under this section, and after notice to the omitted or unnotified persons and other interested parties determined to be interested on the assumption that the previous order concerning testacy is conclusive as to those given notice of the earlier proceeding, may determine testacy as it affects the omitted persons and confirm or alter the previous order of testacy as it affects all interested persons as appropriate in the light of the new proofs. In the absence of objection by an omitted or unnotified person, evidence received in the original testacy proceeding shall constitute prima facie proof of due execution of any will previously admitted to probate, or of the fact that the decedent left no valid will if the prior proceedings determined this fact.

Sec. 35. Minnesota Statutes 1978, Section 525.091, Subdivision 1, is amended to read:

525.091 [DESTRUCTION AND REPRODUCTION OF PROBATE RECORDS.] Subdivision 1. The clerk of court of any county upon order of the probate judge may destroy all the original documents in any proceeding of record in his office five years after the file in such proceeding has been closed provided the original or a Minnesota state archives commission approved photographic, photostatic, microphotographic, microfilmed, or similarly reproduced copy of the original of the following enumerated documents in the proceeding are on file in his office.

Enumerated original documents:

(a) In estates, the jurisdictional petition and proof of publication of the notice of hearing thereof; will and certificate of probate; letters; inventory and appraisal; ~~inheritance tax return or schedule of non-probate assets; inheritance tax return waiver, or self assessed inheritance tax return;~~ orders directing and confirming sale, mortgage, lease, or for conveyance of real estate; order setting apart statutory selection; receipts for federal estate taxes and state ~~inheritance estate~~ taxes; orders of distribution and general protection; decrees of distribution; federal estate tax closing letter, consent to discharge by commissioner of revenue and order discharging representative; and any amendment of the listed documents.

When an estate is deemed closed as provided in clause (d) of this subdivision, the enumerated documents shall include all claims of creditors.

(b) In guardianships or conservatorships, the jurisdictional petition and order for hearing thereof with proof of service; letters; orders directing and confirming sale, mortgage, lease or for conveyance of real estate; order for restoration to capacity and order discharging guardian; and any amendment of the listed documents.

(c) In mental, inebriety, and indigent matters, the jurisdictional petition; report of examination; warrant of commitment; notice of discharge from institution, or notice of death and order

for restoration to capacity; and any amendment of the listed documents.

(d) Except for the enumerated documents described in this subdivision, the clerk of probate court may destroy all other original documents in any proceeding without retaining any reproduction of the document. For the purpose of this subdivision, a proceeding in the probate court is deemed closed if no document has been filed in the proceeding for a period of 15 years, except in the cases of wills filed for safe-keeping and those containing wills of decedents not adjudicated upon.

Sec. 36. Minnesota Statutes 1978, Section 525.091, Subdivision 2, is amended to read:

Subd. 2. The clerk of probate court of any county upon order of the probate judge may destroy the original record books as enumerated in this subdivision provided a Minnesota state archives commission approved photographic, photostatic, microphotographic, microfilmed, or similarly reproduced copy of the original record book is on file in his office.

Enumerated original record books:

(a) All record books kept for recording in compliance with section 525.03, clauses (3), (4), (5) and (6).

(b) All record books kept for inheritance tax purpose in compliance with section 291.29, subdivisions 1 and 2, after the expiration of 15 years from the date of the last proceeding entered therein.

Sec. 37. Minnesota Statutes 1978, Section 525.312, is amended to read:

525.312 [DECREE OF DESCENT.] Upon the filing of such petition, the court shall fix the time and place for the hearing thereof, notice of which shall be given pursuant to section 524.1-401. Notice of the hearing, in the form prescribed by court rule, shall also be given under direction of the clerk of court by publication once a week for two consecutive weeks in a legal newspaper in the county where the hearing is to be held, the last publication of which is to be at least ten days before the time set for hearing. Upon proof of the petition and of the will if there be one, or upon proof of the petition and of an authenticated copy of a will duly proved and allowed outside of this state in accordance with the laws in force in the place where proved, if there be one, the court shall allow the same and enter its decree of descent assigning the real or personal property, or any interest therein, to the persons entitled thereto pursuant to the will or such authenticated copy, if there be one, otherwise pursuant to the laws of intestate succession in force at the time of the decedent's death. The court may appoint two or more disinterested persons to appraise the property. No decree of descent shall be entered until the inheritance tax, if any, has been determined and paid.

Sec. 38. Minnesota Statutes 1978, Section 525.71, is amended to read:

525.71 [APPEALABLE ORDERS.] Appeals to the district court may be taken from any of the following orders, judgments, and decrees issued by a judge of the court under chapters 524 or 525:

- (1) An order admitting, or refusing to admit, a will to probate;
- (2) An order appointing, or refusing to appoint, or removing, or refusing to remove, a representative other than a special administrator or special guardian;
- (3) An order authorizing, or refusing to authorize, the sale, mortgage, or lease of real estate, or confirming, or refusing to confirm, the sale or lease of real estate;
- (4) An order directing, or refusing to direct, a conveyance or lease of real estate under contract;
- (5) An order permitting, or refusing to permit, the filing of a claim, or allowing or disallowing a claim or counterclaim, in whole or in part, when the amount in controversy exceeds \$100;
- (6) An order setting apart, or refusing to set apart, property, or making, or refusing to make, an allowance for the spouse or children;
- (7) An order determining, or refusing to determine, venue; an order transferring, or refusing to transfer, venue;
- (8) An order directing, or refusing to direct, the payment of a bequest or distributive share when the amount in controversy exceeds \$100;
- (9) An order allowing, or refusing to allow, an account of a representative or any part thereof when the amount in controversy exceeds \$100;
- (10) An order adjudging a person in contempt;
- (11) An order vacating a previous appealable order, judgment, or decree; an order refusing to vacate a previous appealable order, judgment, or decree alleged to have been procured by fraud or misrepresentation, or through surprise or excusable inadvertence or neglect;
- (12) A judgment or decree of partial or final distribution or an order determining or confirming distribution or any order of general protection;
- (13) An order entered pursuant to section 576.142;
- (14) An order granting or denying restoration to capacity;
- (15) An order made directing, or refusing to direct, the payment of representative's fees or attorneys' fees, and in such case the representative and the attorney shall each be deemed an aggrieved party and entitled to take such appeal;

(16) An order, judgment, or decree relating to or affecting inheritance estate taxes or refusing to amend, modify, or vacate such an order, judgment, or decree; but nothing herein contained shall abridge the right of direct review by the supreme court;

(17) An order extending the time for the settlement of the estate beyond five years from the date of the appointment of the representative.

Sec. 39. Minnesota Statutes 1978, Section 525.74, is amended to read:

525.74 [DIRECT APPEAL TO SUPREME COURT.] A party aggrieved may appeal direct to the supreme court from an order determining or refusing to determine inheritance estate taxes upon a hearing on a prayer for reassessment and redetermination. Within 30 days after service of notice of the filing of such order, the appellant shall serve a notice of appeal upon all parties adversely interested or upon their attorneys and upon the probate judge. An appellant, other than the state, the veterans' administration, or a representative appealing on behalf of the estate, shall file in the probate court a bond in such amount as that court may direct, conditioned to prosecute the appeal with due diligence to a final determination, pay all costs and disbursements and abide the order of the court therein. The notice of appeal with proof of service and the bond, if required, shall be filed in the probate court within ten days after the service of such notice and the appellant shall pay to such court the sum of \$15, of which \$10 shall be transmitted to the clerk of the supreme court, as provided by law for appeals in civil actions.

Such appeal shall stay all proceedings on the order appealed from. When a party in good faith gives due notice of appeal from such order and omits through mistake to do any other act necessary to perfect the appeal, or to stay proceedings, the court may permit an amendment on such terms as may be just. Upon perfection of the appeal, the probate court shall transmit to the clerk of the supreme court the \$10 aforementioned together with a certified copy of the notice of appeal and bond, if required. The filing thereof shall vest in the supreme court jurisdiction of the cause, and records shall be transmitted to the supreme court, and records and briefs shall be printed, served, and filed, and such appeal shall be heard and disposed of as in the case of appeals in civil actions from the district court. If a settled case be necessary, the probate court may settle a case upon the application of any party. The notice of the hearing upon such application and the case proposed to be settled shall be served on all other parties interested in the appeal at least eight days prior to the hearing.

Sec. 40. Minnesota Statutes 1978, Section 525.841, is amended to read:

525.841 [ESCHEAT RETURNED.] In all such cases the commissioner of finance shall be furnished with a certified copy of the court's order assigning the escheated property to the persons entitled thereto, and upon notification of payment of the

inheritance estate tax, the commissioner of finance shall draw his warrant on the state treasurer, or execute a proper conveyance to the persons designated in such order. In the event any escheated property has been sold pursuant to sections 11.08 or 94.09 to 94.16, then the warrant shall be for the appraised value as established during the administration of the decedent's estate. There is hereby annually appropriated from any moneys in the state treasury not otherwise appropriated an amount sufficient to make payment to all such designated persons. No interest shall be allowed on any amount paid to such persons.

Sec. 41. [REPEALER.] *Minnesota Statutes 1978, Sections 3A-08; 291.02; 291.07, Subdivisions 2 and 2a; 291.09, Subdivisions 1, 2, 3 and 4; 291.10; 291.11, Subdivisions 2, 3, 4, 5, 6, 7, 8 and 9; 291.12, Subdivision 4; 291.19, Subdivision 5; 291.20, Subdivision 3; 291.21, Subdivision 2; 291.22; 291.23; 291.24; 291.25; 291.26; 291.29, Subdivisions 1, 2, 3 and 4; 291.30; 291.34; 291.35; 291.36; 291.37; 291.38; 291.39; 291.40; 292.01; 292.02; 292.03; 292.031; 292.04; 292.05; 292.06; 292.07; 292.08; 292.09; 292.105; 292.111; 292.112; 292.12; 292.125; 292.14; and 292.15 are repealed.*

Sec. 42. *There is appropriated for fiscal years 1980, 1981 and 1982 from the general fund to the commissioner of revenue the amounts necessary to make the refunds provided by section 5.*

Sec. 43. [EFFECTIVE DATE.] *The provisions of section 5 which relate to payments for military service while the decedent was missing in action shall be effective for estates of decedents declared dead after January 1, 1975. The provisions of section 26 shall be effective the day following final enactment and shall relate to returns filed pursuant to chapters 291 and 292 prior to and after the effective date of this article. The remainder of this article is effective for estates of decedents dying after December 31, 1979 and gifts made after December 31, 1979.*

ARTICLE IV: SALES AND USE TAX

Section 1. *Minnesota Statutes 1978, Section 297A.01, is amended by adding a subdivision to read:*

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" shall include machinery for the preparation, seeding or cultivation of soil for growing agricultural crops, harvesting and threshing of agricultural products, and certain machinery for dairy, livestock and poultry farms, together with barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations. Irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property, shall be included in the def-

inition of farm machinery. Repair or replacement parts for farm machinery shall 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 required to be registered under chapter 297B, snowmobiles, snow blowers, lawn mowers, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 2. Minnesota Statutes 1978, Section 297A.02, is amended to read:

297A.02 [IMPOSITION OF TAX.] Except as otherwise provided in Extra Session Laws 1971, Chapter 31, Article 1, there is hereby imposed an excise tax of four percent of the gross receipts from sales at retail, as hereinbefore defined, made by any person in this state after October 31, 1971.

Notwithstanding the foregoing, the tax imposed hereby upon sales at retail through coin-operated vending machines shall be three percent of the gross receipts of such sales, *and the tax imposed upon sales at retail of farm machinery shall be two percent of the gross receipts from such sales .*

Sec. 3. Minnesota Statutes 1978, Section 297A.14, is amended to read:

297A.14 [USING, STORING OR CONSUMING TANGIBLE PERSONAL PROPERTY; ADMISSIONS; UTILITIES.] For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, there is hereby imposed on every person in this state a use tax at the rate of four percent , *or two percent in the case of farm machinery*, of the sales price of sales at retail of any of the aforementioned items made to such person after October 31, 1971, unless the tax imposed by section 297A.02 was paid on said sales price.

Motor vehicles subject to tax under this section shall be taxed at the fair market value at the time of transport into Minnesota if such motor vehicles were acquired more than three months prior to its transport into this state.

Notwithstanding any other provisions of sections 297A.01 to 297A.44 to the contrary, the cost of paper and ink products exceeding \$100,000 in any calendar year, used or consumed in producing a publication as defined in section 297A.25, subdivision 1, clause (i) is subject to the tax imposed by this section.

Sec. 4. Minnesota Statutes 1978, Section 297A.24, is amended to read:

297A.24 [TAXES IN OTHER STATES.] 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 and the rate by which the previous tax was computed. If such tax imposed in such other state was ~~four percent~~ *at the rate set in section 297A.14* or more, then no tax shall be due from such person under section 297A.14.

Sec. 5. Minnesota Statutes 1978, Section 297A.25, Subdivision 1, is amended to read:

297A.25 [EXEMPTIONS.] Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(e) The gross receipts from the sale of packing materials used to pack and ship household goods, the ultimate destination of

which is outside the state of Minnesota and which are not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories,

appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, Section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

(m) The gross receipts from sales of airflight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes

airplanes and parts necessary for the repair and maintenance of such aircraft equipment, and flight simulators.

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders;

(q) The gross receipts from the sale of caskets and burial vaults;

(r) The gross receipts from the sale of cigarettes.

(s) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, Section 1901, as amended.

(t) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect.

(u) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, Sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in Title 38 United States Code, Chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.

(v) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade

school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25.

(w) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota.

(x) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April.

(y) The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1978; and,

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses.

(z) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by a county agricultural society incorporated pursuant to section 38.01 to be used for the purposes of sections 38.01 to 38.28.

Sec. 6. [EFFECTIVE DATE.] Sections 1 to 4 are effective for sales made after December 31, 1979. Section 5 is effective for sales made the day following final enactment.

ARTICLE V: BUSINESS RELIEF

Section 1. Minnesota Statutes 1978, Section 273.13, is amended by adding a subdivision to read:

Subd. 8b. [CLASS 3g; SMALL BUSINESS TAX CREDIT.]

(a) All nonresidential real property devoted to commercial use shall constitute class 3g, and shall be valued and assessed at 43 percent of the estimated market value thereof. The property tax to be paid on property classified pursuant to this subdivision shall be reduced by an amount equal to the tax levy that would be produced by applying a rate of ten mills on the first \$25,000 of the assessed value of the property, not to exceed \$250.

(b) Certification of the amount of revenue lost due to the property tax credit provided in clause (a) shall be made by the county auditor and submitted to the commissioner of revenue as part of the abstract of tax lists required to be filed with the commissioner pursuant to section 275.29. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

(c) Payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the property tax credit provided in clause (a).

(d) Each property tax statement mailed under section 276.04 to a taxpayer whose real property tax is reduced pursuant to clause (a), shall contain a statement of the amount of such reduction in dollars, and shall identify the reduction as being "small business property tax relief".

(e) There is annually appropriated from the general fund to the commissioner of revenue the amount necessary to make the payments provided in clause (c).

Sec. 2. Minnesota Statutes 1978, Section 290.06, Subdivision 1, is amended to read:

290.06 [RATES OF TAX; CREDITS AGAINST TAX.] Subdivision 1. [COMPUTATION, CORPORATIONS.] The privilege and income taxes imposed by this chapter upon corporations shall be computed by applying to their taxable net income in excess of the applicable credits allowed under section 290.21 the rate of following rates:

(1) On the first \$25,000, nine percent; provided that, in the case of a corporation having taxable net income allocated to this state pursuant to the provisions of section 290.19 or 290.20, the amount of its income subject to this rate shall be that proportion of \$25,000, which its income allocable to this state bears to its total taxable net income; and

(2) On the remainder, 12 percent. The amount of tax payable by a corporation required to file a return shall not be less than \$100.

Sec. 3. Minnesota Statutes 1978, Section 290.06, Subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULE OF RATES FOR INDIVIDUALS, ESTATES AND TRUSTS.] (a) For taxable years beginning after December 31, ~~1977~~ 1979, the income taxes imposed by this chapter upon individuals, estates and trusts, other than those taxable as corporations, shall be computed by applying to their taxable net income in excess of the applicable credits allowed by section 290.21, the following schedule of rates:

- (1) On the first \$500, one and six-tenths percent;
- (2) On the second \$500, two and two-tenths percent;
- (3) On the next \$1,000, three and five-tenths percent;
- (4) On the next \$1,000, five and eight-tenths percent;
- (5) On the next \$1,000, seven and three-tenths percent;
- (6) On the next \$1,000, eight and eight-tenths percent;
- (7) On the next \$2,000, ten and two-tenths percent;
- (8) On the next \$2,000, eleven and five-tenths percent;
- (9) On the next \$3,500, twelve and eight-tenths percent;
- (10) On all over \$12,500, not over \$20,000, fourteen percent;
- (11) On all over \$20,000 and not over \$27,500, fifteen percent;
- (12) On all over \$27,500 and ~~not over \$40,000~~, sixteen percent;
- ~~(13) On all over \$40,000, seventeen percent.~~

(b) In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year, reduced by the applicable credits allowed by section 290.21, is less than \$20,000 shall 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.

Sec. 4. Minnesota Statutes 1978, Section 290.361, Subdivision 2, is amended to read:

Subd. 2. [COMPUTATION OF TAXABLE NET INCOME.] The taxable net income shall be computed in the manner provided by this chapter except that in the case of national and state banks: (a) the rate shall be ~~12-64 percent until January 1, 1974 and 12 percent thereafter~~ the rate provided in section 290.06, subdivision 1; (b) the basic date for the purpose of computing gain or loss and depreciation shall be January 1, 1940, instead of January 1, 1933; (c) property consisting of investments in bonds,

stocks, notes, debentures, mortgages, certificates, or any evidence of indebtedness, and any property acquired in liquidation thereof when such property is held for investment or for sale, shall not be deemed to be capital assets; and (d) in computing net income there shall be allowable as a deduction from gross income, in addition to deductions otherwise provided for in this act, any dividend (not including any distribution in liquidation) paid, within the taxable year, to the United States or to any instrumentality thereof exempt from federal income taxes, on the preferred stock of the bank owned by the United States or such instrumentality.

Sec. 5. [EFFECTIVE DATE.] Section 1 is effective for taxes levied in 1979, payable in 1980 and thereafter. Sections 2 to 4 are effective for taxable years beginning after December 31, 1979.

ARTICLE VI: LOCAL AIDS

Section 1. Minnesota Statutes 1978, Section 275.51, Subdivision 3d, is amended to read:

Subd. 3d. The property tax levy limitation for governmental subdivisions in 1977 payable in 1978 and subsequent years shall be calculated as follows:

(a) The sum of the following amounts shall be computed: (1) the property tax permitted to be levied in 1976 payable 1977 computed pursuant to Minnesota Statutes 1976, Section 275.51, Subdivision 3c, plus

(2) the amount of any state aids the governmental subdivision was entitled to receive in calendar year 1977 pursuant to sections 477A.01; 298.26; 298.28, subdivisions 1 and 1a; 298.281, subdivision 1; 298.282; and 294.26, plus

(3) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clauses (a), (c), (d), (e), and (f), except for levies made to pay tort judgments and make settlements of tort claims or to pay the salaries and benefits of municipal and probate court judges, plus

(4) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clause (g) for the administrative costs of public assistance programs or county welfare systems, plus

(5) one-half of the amount of the special levy authorized under section 275.50, subdivision 5, clause (n) shall be added to the permanent levy limit base of the governmental subdivision in the year following the year in which it has been discontinued as a special levy pursuant to the provisions of section 275.50, subdivision 5, clause (n).

(b) The sum computed in clause (a) shall be increased annually in the manner provided in section 275.52 to derive the levy limit base for successive years.

(c) For taxes levied in 1978 payable 1979 and subsequent years, the levy limit base is the levy limit base which was computed for the immediately preceding year under the provisions of this section increased according to the provisions of section 275.52. *To determine the levy limit base for taxes levied in 1979 payable 1980 and subsequent years, the levy limit base used for taxes levied in 1979 payable in 1980 (a) shall be increased by the excess of the amount levied in 1979 for refuse collection and street maintenance over the amount levied in 1978 payable 1979 for those purposes; and (b) in the case of a city of the first class located within the metropolitan area defined in section 473.121, subdivision 2, shall be reduced by an amount sufficient to reduce the levy limitation for taxes levied in 1979 payable 1980 by 15 percent from the preceding year's levy limitation.* Any amount levied in 1976 payable 1977 under the provisions of section 275.50, subdivision 5, clauses (a), (c), (d), (e) or (f) to meet the costs of programs, services or legal requirements which cease to exist in a subsequent year shall be subtracted from the levy limit base in the year in which the programs, services or legal requirements for which the levy was made cease to exist.

(d) The levy limit base shall be reduced by the total amount of state formula aids pursuant to section 477A.01 and taconite taxes and aids pursuant to sections 294.26; 298.26; 298.28, subdivision 1; and 298.282, to be paid in the calendar year in which property taxes are payable. As provided in section 298.28, subdivision 1, for taxes payable in 1978 and 1979, two cents per taxable ton, and for taxes payable in 1980 and thereafter, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4) (c) shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

Sec. 2. Minnesota Statutes 1978, Section 275.52, Subdivision 4, is amended to read:

Subd. 4. The levy limit base of a governmental subdivision may be increased upon approval by the levy limit review board established in section 275.551, for the following reasons:

(a) Any governmental subdivision which spent money from its surplus funds for nonspecial levy purposes in calendar year 1971 may have its levy limit base increased by an amount not to exceed the amount of revenue it used from surplus funds for nonspecial levy purposes in calendar year 1971.

(b) Any governmental subdivision which has been required to provide new services because of changes in state law, whether or not the changed law directly mandates new services, may have its levy limit base increased by an amount not to exceed the amount required to finance the services, provided that the services may not be financed by special levies or special assessments.

(c) Any governmental subdivision which has been required to provide new or expanded services because of annexations, consolidations, mergers or new incorporations since 1970 may have its levy limit base increased by an amount not to exceed the amount required to finance the general operating costs involved in such services.

(d) Any city or township having statutory city powers which has a levy limit base per capita that is below 80 85 percent of the arithmetic average of the levy limit bases per capita for cities and townships having statutory city powers in the same county may have its levy limit base increased by an amount not to exceed the amount required to bring its levy limit base per capita up to 80 85 percent of the arithmetic average of levy limit bases per capita for all cities and townships having statutory city powers in the county which are governed by the provisions of sections 275.50 to 275.59. On or before July 1 of 1977 and each subsequent year, the commissioner of revenue shall certify the average levy limit base per capita for each county for purposes of this clause. Provided that if a city or township having statutory powers has received a levy limit base adjustment from the levy limit review board prior to June 1, 1977 1979, that city or township may also qualify for a base adjustment in accordance with this clause.

Any governmental subdivision which desires to have its levy limit base adjusted under the provisions of this subdivision shall apply to the commissioner of revenue, who shall submit all applications to the levy limit review board established in section 275.551. Applications shall be in the form and accompanied by the data required by the levy limit review board. Adjustments authorized by the levy limit review board shall become a permanent part of the levy limit base for the governmental subdivision. The levy limit review board may authorize only one levy limit base adjustment for any governmental subdivision under this subdivision.

Sec. 3. Minnesota Statutes 1978, Section 275.53, Subdivision 1, is amended to read:

275.53 [GOVERNING CENSUS.] Subdivision 1. For the purpose of determining the amount of tax that a governmental subdivision may levy in accordance with a per capita limitation established by this chapter or the amount of aid that a city or township may receive pursuant to section 477A.01, the population of the governmental subdivision shall be that established by the last state or federal census, or by a special census taken within the entire governmental subdivision pursuant to sections 275.50 to 275.56 or to any other law, by a census taken pursuant to ~~subdivision~~ *subdivisions 1a or 2*, or by a population estimate made by the metropolitan council, by an order of the Minnesota municipal board pursuant to section 414.01, subdivision 14, or by an estimate made pursuant to subdivision 3, whichever is the most recent as to the stated date of count or estimate, up to and including October 1 of the current levy year. Population changes established after October 1 of the current levy year shall not be used in determining the levy limitation of a governmental subdivision for the current levy year under sections 275.50 to 275.56.

Sec. 4. Minnesota Statutes 1978, Section 275.53, is amended by adding a subdivision to read:

Subd. 1a. Beginning in 1980, the state demographer shall prepare an annual population estimate for each city and town having a population of 2,500 or more for which the metropolitan council does not prepare an annual population estimate.

Sec. 5. Minnesota Statutes 1978, Section 477A.01, Subdivision 1, is amended to read:

477A.01 [LOCAL GOVERNMENT AID.] Subdivision 1. The state shall ~~distribute \$52~~ *make available for distribution \$64* for each person residing in the ~~territory comprising each county state~~ for the calendar year ~~1978~~ 1980 and \$59 \$70 for calendar year ~~1979~~ 1981 to the several taxing authorities, except school districts, with authority to impose taxes on property located in the ~~county's territory state~~. For purposes of this subdivision the number of persons residing in a ~~county~~ *the state* shall be the 1970 federal census population. ~~For the purposes of subdivisions 1, 2, 4, 4a and 4b, the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, excluding the city of New Prague, and Washington shall be considered a single county. That portion of the city of New Prague which is in Scott county shall be treated as if it is in LeSueur county.~~

Sec. 6. Minnesota Statutes 1978, Section 477A.01, Subdivision 2, is amended to read:

Subd. 2. Every county government except that of a county containing a city of the first class shall receive a distribution equal to the distribution it was entitled to receive in the preceding year pursuant to Minnesota Statutes 1974, Section 477A.01 *plus, for 1980, the sum of \$1 for each person residing in the county according to the 1970 federal census and, for 1981, the sum of \$2 for each person residing in the county according to the 1970 federal census. The amount necessary to make the payments to the counties in excess of the amount of their 1979 local government aid payments shall be appropriated in addition to the amount required to be appropriated pursuant to subdivision 1.*

Sec. 7. Minnesota Statutes 1978, Section 477A.01, Subdivision 4, is amended to read:

Subd. 4. (a) The balance of the distributions in ~~1978~~ 1980 pursuant to subdivision 1, shall be divided among the several cities and towns in the ~~county's territory in the proportion that the product of~~

~~the city or town's 1970 federal census population or the average of the city's or town's 1970 federal census population and its current population as determined under the provisions of section 275.53, whichever is greater; times~~

~~(a) In the case of a city or town outside the metropolitan area as defined in section 473.121, subdivision 2, or a city other than a city of the first class or town inside the metropolitan area, the sum of its average city or town mill rate for the three immediately preceding years divided by three; or~~

(b) In the case of a first class city located within the metropolitan area, the sum of (i) 60 percent of the dollar amount of its levy limitation and its special levies plus (ii) 40 percent of the dollar amount of its actual levy, divided by its taxable value adjusted for the contributions and distribution required by chapter 473F, for each of the three immediately preceding years divided by three, times

its city or town 1976 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory, state as provided herein:

(1) Funds shall be distributed to all cities and towns which are not subject to the levy limitations imposed pursuant to sections 275.50 to 275.56, with the distribution to be based on the average equalized mill rate of each city or town. For purposes of this clause, "average equalized mill rate" shall be defined as the sum of the 1979 mill rate of the city or town plus its 1978 mill rate plus its 1977 mill rate, multiplied by its 1978 aggregate sales ratio as determined by the commissioner of revenue, divided by three.

If the average equalized mill rate of the city or town is 10 or less, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus, in the case of a city, the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus the sum of \$3 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01, for 1979, plus the sum of \$5 multiplied by its population as determined under section 275.53.

(2) Funds shall be distributed to the city of Minneapolis in an amount equal to the amount distributed to that city for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01.

(3) The funds remaining after distribution has been made pursuant to paragraphs (1) and (2) shall be distributed according to the provisions of this paragraph among the cities and towns, other than the city of Minneapolis, which are subject to the levy limitations imposed pursuant to sections 275.50 to 275.56.

(i) For purposes of the 1980 distribution, the "local revenue base" of a city or town shall be the sum of its levy limitation for taxes levied in 1978 plus the amount of the distribution it received for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, except that the "local revenue base" of a city of the first class

located within the metropolitan area defined in section 473.121, subdivision 2 shall be the sum of its levy limitation for taxes levied in 1978, multiplied by .85, plus the amount of the distribution it received for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01.

(ii) A preliminary state aid factor shall be established for each city and town by subtracting from the local revenue base, an amount equal to ten mills multiplied by the 1979 taxable valuation of the city or town, adjusted for the contributions and distributions required by chapter 473F in the case of a city or town located within the metropolitan area and less the captured value in any tax increment district, divided by its 1978 aggregate sales ratio as determined by the commissioner of revenue.

(iii) A final state aid factor shall be established for each city and town by adjusting the preliminary state aid factor to comply with the following restrictions:

The final state aid factor for a city or town shall be an amount which is equal to or greater than an amount computed pursuant to the following:

If the average equalized mill rate of the city or town is 10 or less, the final state aid factor of the city or town shall be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the final state aid factor of the city or town will be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus the sum of \$3 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the final state aid factor of the city or town will be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01, for 1979, plus the sum of \$5 multiplied by its population as determined under section 275.53.

The final state aid factor for any city or town shall not exceed the previous year's distribution under Minnesota Statutes 1978, Section 477A.01 by more than the following percent: if a city received more than \$100 per capita in 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1978, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than \$50 per capita, 20 percent.

(iv) The amount of the distribution for which a city or a town is eligible under this paragraph shall be determined as follows: For each city or town, its final state aid factor increase shall be

the difference between its final state aid factor determined pursuant to this paragraph and the amount of distribution which it received for 1979 pursuant to Minnesota Statutes 1977, Section 477A.01. The final state aid factor increase of each city or town shall be divided by the sum of the final state aid factor increases for all cities and towns receiving distributions under this paragraph; that quotient shall be multiplied by the amount of the increase in funds available for distribution under this paragraph over the sum of the amounts distributed to those cities and towns for 1979 pursuant to Minnesota Statutes 1977, Section 477A.01. That product, plus the distribution the city or town received pursuant to Minnesota Statutes 1977, Section 477A.01 for 1979, shall equal the distribution to be distributed to the city or town for 1980.

(v) The final distribution made to each city or town pursuant to this paragraph shall be in an amount which is at least equal to the distribution received by that city or town for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, but which does not exceed the amount of the city's or town's 1979 distribution by more than the following percent: if a city received more than \$100 per capita in 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1978, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than \$50 per capita, 20 percent.

(vi) If the amount distributed to a city or town by paragraph (iv) is limited by paragraph (v) the distribution to other cities and towns that receive aid under paragraph (3) shall be proportionately increased as necessary to absorb the difference. In no event shall a city's or town's distribution exceed the city's or town's 1979 distribution by more than the following percent: if a city received more than \$100 per capita in 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1978, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than \$50 per capita, 20 percent.

(b) The balance of the distributions in 1979 1981 pursuant to subdivision 1 shall be divided among the several cities and towns in the county's territory in the proportion that the product of

the city or town's 1970 federal census population or the average of the city's or town's 1970 federal census population and its current population as determined under the provisions of section 275.53, whichever is greater; times

(a) in the case of a city or town outside the metropolitan area as defined in section 473.121, subdivision 2, or a city other than a city of the first class or town inside the metropolitan area, the sum of its average city or town mill rate for the three immediately preceding years divided by three; or

(b) In the case of a first class city located within the metropolitan area, the sum of (i) 60 percent of the dollar amount of its levy limitation and its special levies plus (ii) 40 percent of the dollar amount of its actual levy, divided by its taxable value adjusted for the contributions and distribution required by chapter 473F, for each of the three immediately preceding years divided by three, times

its city or town 1977 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory, state as provided herein:

(1) Funds shall be distributed to all cities and towns which are not subject to the levy limitations imposed pursuant to sections 275.50 to 275.56, with the distributions to be based on the average equalized mill rate of each city or town. For purposes of this clause, "average equalized mill rate" shall be defined as the sum of the 1980 mill rate of the city or town plus its 1979 mill rate plus its 1978 mill rate, multiplied by its 1979 aggregate sales ratio as determined by the commissioner of revenue, divided by three.

If the average equalized mill rate of the city or town is 10 or less, the city or town will receive a distribution equal to that which it received pursuant to clause (a) for 1980, plus, in the case of a city, the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the city or town will receive a distribution equal to that which it received pursuant to clause (a) for 1980, plus the sum of \$4 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the city or town will receive a distribution equal to that which it received pursuant to clause (a), for 1980, plus the sum of \$6 multiplied by its population as determined under section 275.53.

(2) The funds remaining after distribution has been made pursuant to paragraph (1) shall be distributed according to the provisions of this paragraph among the cities and towns which are subject to the levy limitations imposed pursuant to sections 275.50 to 275.56.

(i) For purposes of the 1981 distribution, the "local revenue base" of a city or town shall be its local revenue base computed according to clause (a) paragraph (3) for purposes of the 1980 distribution, provided that, in the case of a city which received its 1980 aid distribution pursuant to clause (a), paragraph (2), a local revenue base shall be computed for it according to the provisions of clause (a), paragraph (3); these revenue bases shall be increased as follows:

The 1980 local revenue base will be multiplied by the percentage of increase from June, 1979, to June, 1980 in the revised consumer

price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The product of that computation will be added to the 1980 local revenue base. The inflation-adjusted base shall also be increased by the percentage increase in the population of the city or town during the preceding year as determined according to section 275.53. After adjustment for population increase the inflation-adjusted local revenue base of each city and town shall also be increased by (1) the amount of its special levies levied in 1979 to pay the costs of principal and interest on bonded indebtedness incurred in 1979 for the purpose of providing capital replacement for streets, curbs, gutters, storm sewers and bridges plus (2) any adjustments made to the levy limit base of the city or town pursuant to section 1 for purposes of refuse collection and street maintenance; and (3) any adjustments made to the levy limit base of the city or town pursuant to section 275.52, subdivision 4, clause (d).

(ii) A preliminary state aid factor shall be established for each city and town by subtracting from the local revenue base, ten mills multiplied by the 1980 taxable valuation of the city or town divided by its 1979 sales ratio as determined by the commissioner of revenue.

(iii) A final state aid factor shall be established for each city and town by adjusting the preliminary state aid factor to comply with the following restrictions:

The final state aid factor for a city or town shall be an amount which is equal to or greater than an amount computed pursuant to the following:

If the average equalized mill rate of the city or town is 10 or less, the final state aid factor of the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980, plus the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the final state aid factor for the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980, plus the sum of \$4 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the final state aid factor for the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980, plus the sum of \$6 multiplied by its population as determined under section 275.53.

The final state aid factor for any city or town shall not exceed the previous year's distribution under section 477A.01 by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) of this subdivision using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to

\$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than \$50 per capita, 20 percent.

(iv) The amount of the distribution for which a city or town is eligible under this paragraph shall be determined as follows: For each city or town, its final state aid factor increase shall be the difference between its final state aid factor determined pursuant to this paragraph and the amount of distribution which it received pursuant to clause (a). The final state aid factor increase of each city or town shall be divided by the sum of the final state aid factor increases for all cities and towns receiving distributions under this paragraph; that quotient shall be multiplied by the amount of the increase in funds available for distribution under this paragraph over the amount distributed under clause (a), paragraphs (2) and (3). That product, plus the distribution the city or town received pursuant to clause (a), shall equal the distribution to be distributed to the city or town for 1981.

(v) The final distribution made to each city or town pursuant to this paragraph shall be in an amount which is at least equal to the distribution received by that city or town for 1980 pursuant to clause (a), but which does not exceed the amount of the city's or town's 1980 distribution by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) of this subdivision using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than \$50 per capita, 20 percent.

(vi) If the amounts distributed to a city or town by paragraph (iv) is limited by paragraph (v) the distribution to other cities and towns who receive aid under paragraph (2) shall be proportionately increased as necessary to absorb the difference. In no event shall a city's or town's distribution exceed the city's or town's 1980 distribution by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) of this subdivision using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than \$50 per capita, 20 percent.

Sec. 8. [REIMBURSEMENT FOR CERTAIN EMPLOYER CONTRIBUTIONS.] Subdivision 1. On or before March 1 each year, the clerk or chief administrative officer of each municipality shall prepare and shall certify to the commissioner of finance the amount of employer contributions made during the preceding calendar year by the municipality from municipal revenue sources (1) to the public employees retirement association, except for the public employees police and firefighters' fund, or (2) to the Minneapolis municipal employees retirement fund, or (3) to a local police or firefighters' relief association enumerated in section 69.77, subdivision 1a which has filed an annual financial report pursuant

to section 69.051, subdivision 1, and which has complied with the requirements of section 69.77. Within 30 days after receipt of the required certification, the commissioner of finance shall reimburse the municipality for an amount equal to 20 percent of the certified amount of employer contributions made to the funds listed in clauses (1) and (2) and 15 percent of the certified amount of employer contributions made to the funds listed in clause (3) during the preceding taxable year. Payments shall be made pursuant to this section in the manner indicated in Minnesota Statutes, Section 477A.01, Subdivision 4b.

Subd. 2. [APPROPRIATION.] The moneys required to make the reimbursement provided for in subdivision 1 are appropriated annually to the commissioner of finance from the general fund in the state treasury.

Sec. 9. Minnesota Statutes 1978, Section 477A.03, is amended to read:

477A.03 [APPROPRIATION.] A sum sufficient to discharge the duties imposed by section 477A.01, subdivisions 1, 2 and 4e is annually appropriated from the general fund to the commissioner of revenue.

Sec. 10. [APPROPRIATION.] *The sum of \$30,000 is appropriated to the state planning agency to meet the cost of providing the population estimates required in section 29.*

Sec. 11. [REPEALER.] *Minnesota Statutes 1978, Section 477A.01, Subdivisions 3 and 4a are repealed.*

ARTICLE VII: RAILROADS

Section 1. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.80] [DEFINITIONS.] *Subdivision 1. The following words and phrases when used in sections 1 to 13, unless the context clearly indicates otherwise, shall have the meanings ascribed to them in this section.*

Subd. 2. "Railroad company" means any company which as a common carrier operates a railroad or a line or lines of railway situated within or partly within Minnesota.

Subd. 3. "Operating property" means all property, excluding land, owned or used by a railroad company in the performance of railroad transportation services, including without limitation franchises, rights-of-way, bridges, trestles, shops, docks, wharves, buildings and structures.

Subd. 4. "Nonoperating property" means and includes all property other than property defined in subdivision 3. Nonoperating property shall include real property which is leased or rented or available for lease or rent to any person which is not a railroad company. Vacant land shall be presumed to be available for lease or rent if it has not been used as operating property for a period of one year preceding the valuation date.

Subd. 5. "Commissioner" means the commissioner of revenue.

Sec. 2. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.81] [TAXATION AND ASSESSMENT OF RAILROAD PROPERTY.] *Subdivision 1. The operating property of every railroad company doing business in Minnesota shall be valued by the commissioner in the manner prescribed by sections 1 to 13.*

Subd. 2. The nonoperating property of every railroad company doing business in Minnesota shall be assessed as otherwise provided by law.

Subd. 3. The commissioner shall have exclusive primary jurisdiction to determine what is operating property and what is nonoperating property. In making such determination, the commissioner shall solicit information and opinions from outside his department and afford all interested persons an opportunity to submit data or views on the subject in writing or orally. Local assessors may submit written requests to the commissioner, asking that he determine the nature of specific property owned by a railroad and located within their assessing jurisdiction. Any determination made by the commissioner may be appealed by the assessor to the tax court pursuant to Minnesota Statutes, Chapter 271.

Subd. 4. In no event shall property owned or used by a railroad, whether operating property or nonoperating property, be subject to tax hereunder unless such property is of a character which would otherwise be subject to tax under the provisions of Minnesota Statutes, Chapter 272.

Subd. 5. Prior to the promulgation of permanent rules the commissioner may exercise temporary rule-making authority as provided in section 15.0412, subdivision 5, to implement the provisions of this act. The commissioner shall solicit information and opinions from outside his department as provided in section 15.0412, subdivision 6, before adopting these rules. Notwithstanding the provisions of section 15.0412, subdivision 5, rules adopted pursuant to this section shall be effective until permanent rules are adopted pursuant to chapter 15 or until May 1, 1980, whichever occurs first.

Sec. 3. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.82] [REPORTS OF RAILROAD COMPANIES.] *Subdivision 1. Every railroad company doing business in Minnesota shall annually file with the commissioner on or before April 30 a report under oath setting forth the information prescribed by the commissioner to enable him to make the valuation and equalization required by sections 1 to 13.*

Subd. 2. The commissioner for good cause may extend the time for filing the report required by subdivision 1.

Sec. 4. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.83] [EXAMINATIONS AND INVESTIGATIONS.] *Subdivision 1. The commissioner shall have the power to examine or cause to be examined any books, papers, records, or memoranda revelant to the determination of the valuation of operating property as herein provided. The commissioner shall have the further power to require the attendance of any person having knowledge or information in the premises, to compel the production of books, papers, records, or memoranda by persons so required to attend, to take testimony on matters material to such determination and administer oaths or affirmations.*

Subd. 2. For the purpose of making such examinations, the commissioner may appoint such persons as he may deem necessary. Such persons shall have the rights and powers of the examining of books, papers, records or memoranda, and of subpoenaing witnesses, administering oaths and affirmations, and taking of testimony, which are conferred upon the commissioner hereby. The clerk of any court of record, upon demand of any such person, shall issue a subpoena for the attendance of any witness or the production of any books, papers, records, or memoranda before such person. The commissioner may also issue subpoenas for the appearance of witnesses before him or before such persons. Disobedience of subpoenas so issued shall be punished by the district court of the district in which the subpoena is issued for a contempt of the district court.

Subd. 3. If any railroad company shall refuse or neglect to make the report required by this section to the commissioner, or shall refuse or neglect to permit an inspection and examination of its property, records, books, accounts or other papers when requested by the commissioner, or shall refuse or neglect to appear before the commissioner or a person appointed under subdivision 2 when required so to do, the commissioner shall make the valuation provided for by sections 1 to 13 against the railroad company according to his best judgment on available information.

Sec. 5. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.84] [ANNUAL VALUATION OF OPERATING PROPERTY.] *Subdivision 1. The commissioner shall annually between April 30 and July 31 make a determination of the fair market value of the operating property of every railroad company doing business in this state as of January 2 of the year in which the valuation is made. In determining the fair market value of the portion of operating property within this state, the commissioner shall value the operating property as a unit, taking into consideration the value of the operating property of the entire system, and shall allocate to this state that part thereof which is a fair and reasonable proportion of said entire system valuation. If the commissioner uses original cost as a factor in determining*

the unit value of operating property, no depreciation or obsolescence allowance shall be permitted. However, if the commissioner uses replacement cost as a factor in determining the unit value of operating property, then a reasonable depreciation and obsolescence allowance may be used.

The commissioner shall give a report to the legislature in February 1980 and in February 1981 on the formula which he has used to determine the unit value of railroad operating property pursuant to this act. This report shall also contain the valuation for payable 1980 and 1981 by company and the taxes payable in 1980 and 1981 by company based upon the valuation of operating property. The legislature may review the formula, the valuation, and the resulting taxes and may make changes in the formula that it deems necessary.

Subd. 2. After the commissioner has determined the fair market value of the operating property of each railroad company, he shall give notice by first class mail to the railroad company of the valuation.

Sec. 6. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.85] [REVIEW OF VALUATION.] A railroad company may within 15 days of receipt of the notice of valuation file a written request for a conference with the commissioner relating to the value of its operating property. The commissioner shall thereupon designate a time and place for the conference which he shall conduct, upon commissioner's entire files and records and such further information as may be offered. Said conference shall be held no later than 30 days after mailing of the commissioner's valuation notice. At a reasonable time after such conference the commissioner shall make a final determination of the fair market value of the operating property of the railroad company and shall notify the company promptly thereof.

Sec. 7. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.86] [APPORTIONMENT OF VALUATION.] Upon determination by the commissioner of the fair market value of the operating property of each railroad company, he shall apportion such value to the respective counties and to the taxing districts therein in conformity with fair and reasonable rules and standards to be established by the commissioner pursuant to notice and hearings, except as provided in section 2. In establishing such rules and standards the commissioner may consider (a) the physical situs of all station houses, depots, docks, wharves, and other buildings and structures with an original cost in excess of \$10,000; (b) the proportion that the length and type of all the tracks used by the railroad in such county and taxing district bears to the length and type of all the track used in the state; and (c) other facts as will result in a fair and equitable apportionment of value.

Sec. 8. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.87] [CERTIFICATION TO COUNTY ASSESSORS.]

When the commissioner has made his annual determination of the fair market value of the operating property of each company in each of the respective counties, and in the taxing districts therein, he shall certify the fair market value to the county assessor, which shall constitute the fair market value of the operating property of the railroad company in such county and the taxing districts therein upon which taxes shall be levied and collected in the same manner as on the commercial and industrial property of such county and the taxing districts therein.

Sec. 9. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.88] [PROCEEDINGS AND APPEALS.] *The commissioner's final determination under section 6 and his certification to county assessors under section 8 shall be final orders appealable to the tax court in accordance with chapter 271. Appeals by railroad companies under this act shall be taken against the commissioner and not against the county or taxing district to which payment is made. Upon the filing of any appeal by a railroad company, the commissioner shall give notice thereof by first class mail to each county which would be affected by the appeal.*

Sec. 10. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.89] [APPLICABILITY OF OTHER PROVISIONS.] *Section 297A.25, subdivision 1, clause (1) shall remain applicable to railroad companies subject to this act.*

Sec. 11. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.90] [PAYMENT OF TAXES IN 1980 AND 1981 ONLY.] *For the years 1979 and 1980 only, after the commissioner has determined the market value of the operating property of each company under the provisions of sections 5 and 6, he shall compute the assessed value of the operating property by applying the classification percentage contained in section 273.13, subdivision 9. By March 1, 1980 and 1981, the commissioner shall compute the tax due from each company by applying the average statewide mill rate. The statement of taxes shall be sent to each company on or before April 1, 1980 and 1981, and shall indicate the assessed value of operating property, the mill rate applied in determining the taxes and the total amount of taxes due and payable. That amount shall be compared to the amount of gross earnings tax imposed under section 13 of this act. If the amount paid pursuant to section 13 is less than the amount computed in this section, the additional tax shall be payable to the commissioner and shall be deposited by him in the general fund of the state treasury. The provisions of section 279.01 pertaining to due dates and penalties for late payment of taxes for nonhomestead property shall be applicable to the taxes payable under this section. If the amount paid pursuant to section 13 exceeds the amount computed in this section, the commissioner shall refund the amount of excess within 60 days. The amounts necessary to make the refunds provided in*

this section are appropriated to the commissioner from the general fund in the state treasury.

Sec. 12. Minnesota Statutes 1978, Section 272.02, Subdivision 1, is amended to read:

272.02 [EXEMPT PROPERTY.] Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity;
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;
- (9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the revenue commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.
(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county or city of the state, or any

town, or any common or independent school district of the state, or any governmental board of the state, or any county or city thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) The taxpayer shall be exempted with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1 (c), except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures. *Railroad docks and wharves which are part of the operating property of a railroad company as defined in section 1 are not exempt.*

(12) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(13) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(14) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(15) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue

to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

Sec. 13. Minnesota Statutes 1978, Section 295.02, is amended to read:

295.02 [ANNUAL RETURN.] Every railroad company owning or operating any line of railroad situated within, or partly within, this state shall, annually, pay to the commissioner of revenue, in lieu of all taxes upon all property within this state owned or operated for railway purposes by such company, including equipment, appurtenances, appendages and franchises thereof, a sum of money equal to ~~five~~ *two* percent of the gross earnings derived from the operation of such line of railway within this state.

On or before September first, annually, each such railroad company shall file a true and just return of all such gross earnings for the six months ending June thirtieth, next preceding, and the tax of ~~five~~ *two* percent thereon shall become due and payable to the state of Minnesota, in manner provided by law, on September first.

On or before March first, annually, each such railroad company shall file a true and just return of all such gross earnings for the six months ending December thirty-first, next preceding, and tax of ~~five~~ *two* percent thereon shall become due and payable to the state of Minnesota, in manner provided by law, on March first. The payments of such sums at the times hereinbefore set forth shall be in full and in lieu of all other taxes upon the property and franchises so taxed.

Such returns shall be filed with the commissioner, in such form as he shall prescribe, and the provisions of chapter 294 and acts amendatory thereto, shall be applicable to such railroad companies and to the returns and the taxes submitted therewith by them.

The lands acquired by public grant shall be and remain exempt from taxation until sold or contracted to be sold or conveyed, as provided in the respective acts whereby such grants were made or recognized.

Sec. 14. *Minnesota Statutes 1978, Sections 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; and 295.14 are repealed.*

Sec. 15. *Section 14 shall be effective beginning for taxable years after December 31, 1980. The remainder of this article is effective after December 31, 1978.*

ARTICLE VIII: PAYMENTS IN LIEU

Section 1. [DEFINITIONS.] *Subdivision 1. For the purpose of sections 1 to 5, the terms defined in this section have the meanings given them.*

Subd. 2. "Commissioner" means the commissioner of natural resources.

Subd. 3. "Acquired natural resources land" means any land presently administered by the commissioner in which the state acquired by purchase, condemnation, or gift, a fee title interest in lands which were previously privately owned.

Subd. 4. "Other natural resources land" means any other land presently owned in fee title by the state and administered by the commissioner, or any tax-forfeited land, other than platted lots within a city, which is owned by the state and administered by the commissioner or by the county in which it is located.

Sec. 2. There is annually appropriated to the commissioner of natural resources from the general fund for payment to counties within the state an amount equal to \$3 multiplied by the number of acres of acquired natural resources land, 75 cents multiplied by the number of acres of county-administered other natural resources land, and 37.5 cents multiplied by the number of acres of commissioner-administered other natural resources land located in each county as of July 1 of each year. Lands for which payments in lieu are made pursuant to section 97.49, subdivision 7, and Laws 1973, Chapter 567, shall not be eligible for payments under this section. Each county auditor shall certify to the department of natural resources during July of each year the number of acres of county-administered other natural resources land within his county. The department of natural resources may, in addition to the certification of acreage, require descriptive lists of land so certified. The commissioner of natural resources shall determine and certify the number of acres of acquired natural resources land and commissioner-administered natural resources land within each county.

Sec. 3. Payments to the counties shall be made from the general fund during the month of January of the year next following certification. There shall be deducted from amounts paid any amounts paid to a county or township during the preceding year pursuant to sections 84A.51, 89.036, 97.49, subdivision 3, and 272.68, subdivision 3 with respect to the lands certified pursuant to section 2.

Sec. 4. Forty percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) 37.5 cents for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

(b) From the funds remaining, each organized township shall receive 30 cents per acre of acquired natural resources land and 7.5 cents per acre of other natural resources land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general

revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction. Provided that, if the total payment to the county pursuant to section 2 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$50,000, the excess shall be used to provide property tax levy reduction.

Sec. 5. Minnesota Statutes 1978, Section 275.51, Subdivision 3d, is amended to read:

Subd. 3d. The property tax levy limitation for governmental subdivisions in 1977 payable in 1978 and subsequent years shall be calculated as follows:

(a) The sum of the following amounts shall be computed: (1) the property tax permitted to be levied in 1976 payable 1977 computed pursuant to Minnesota Statutes 1976, Section 275.51, Subdivision 3c, plus

(2) the amount of any state aids the governmental subdivision was entitled to receive in calendar year 1977 pursuant to sections 477A.01; 298.26; 298.28, subdivisions 1 and 1a; 298.281, subdivision 1; 298.282; and 294.26, plus

(3) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clauses (a), (c), (d), (e), and (f), except for levies made to pay tort judgments and make settlements of tort claims or to pay the salaries and benefits of municipal and probate court judges, plus

(4) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clause (g) for the administrative costs of public assistance programs or county welfare systems, plus

(5) one-half of the amount of the special levy authorized under section 275.50, subdivision 5, clause (n) shall be added to the permanent levy limit base of the governmental subdivision in the year following the year in which it has been discontinued as a special levy pursuant to the provisions of section 275.50, subdivision 5, clause (n).

(b) The sum computed in clause (a) shall be increased annually in the manner provided in section 275.52 to derive the levy limit base for successive years.

(c) For taxes levied in 1978 payable 1979 and subsequent years, the levy limit base is the levy limit base which was computed for the immediately preceding year under the provisions of this section increased according to the provisions of section 275.52. Any amount levied in 1976 payable 1977 under the provisions of section 275.50, subdivision 5, clauses (a), (c), (d), (e) or

(f) to meet the costs of programs, services or legal requirements which cease to exist in a subsequent year shall be subtracted from the levy limit base in the year in which the programs, services or legal requirements for which the levy was made cease to exist.

(d) The levy limit base shall be reduced by the total amount of state formula aids pursuant to section 477A.01 and taconite taxes and aids pursuant to sections 294.26; 298.26; 298.28, subdivision 1; and 298.282 ; ; and the payments in lieu of taxes to a county pursuant to section 2 which are required to be used to provide property tax levy reduction, to be paid in the calendar year in which property taxes are payable. As provided in section 298.28, subdivision 1, for taxes payable in 1978 and 1979, two cents per taxable ton, and for taxes payable in 1980 and thereafter, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4) (c) shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

Sec. 6. [EFFECTIVE DATE.] *This article is effective July 1, 1979.*

ARTICLE IX: CIGARETTE TAX ADMINISTRATION

Section 1. Minnesota Statutes 1978, Section 270.06, is amended to read:

270.06 [POWERS AND DUTIES.] It shall be the duty of the commissioner of revenue and he shall have power and authority:

(1) To have and exercise general supervision over the administration of the assessment and taxation laws of the state, over assessors, town, county, and city boards of review and equalization, and all other assessing officers in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state;

(2) To confer with, advise and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state, and to that end call meetings of local assessors of each county, to be held at the county-seat of such county, for the purpose of receiving necessary instructions from the commissioner as to the laws governing the assessment and taxation of all classes of property, which meetings at least one member of each local board of review shall attend.

(3) To direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the laws of this state governing returns of assessment and taxation of property, and to cause complaints to be made against local assessors, mem-

bers of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty.

(4) To require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the laws of this state in respect to the assessment and taxation of property in their respective districts or counties;

(5) To require town, city, county, and other public officers to report information as to the assessment of property, collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the department of revenue, in such form and upon such blanks as he may prescribe;

(6) To require individuals, copartnerships, companies, associations, and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, earnings, operating expenses, taxes, as well as all other statements now required by law for taxation purposes;

(7) To summon witnesses to appear and give testimony, and to produce books, records, papers and documents relating to any tax matter which he may have authority to investigate or determine;

(8) To cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken, upon notice to the interested party, if any, in like manner that depositions of witnesses are taken in civil actions in the district court, in any matter which he may have authority to investigate or determine;

(9) To investigate the tax laws of other states and countries and to formulate and submit to the legislature such legislation as he may deem expedient to prevent evasions of assessment and taxing laws, and to secure just and equal taxation and improvement in the system of assessment and taxation in this state;

(10) To consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and the progress of the work of the department of revenue, and to furnish the governor, from time to time, such assistance and information as he may require relating to tax matters;

(11) To transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the department of revenue for the preceding years, showing all the taxable property in the state and the value of the same, in tabulated form;

(12) To visit at least one-half of the counties of the state annually and every county in the state at least once in two years and inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties, particularly as to their compliance with the laws requiring the assessment of all property not exempt from taxation;

(13) To exercise and perform such further powers and duties as may be required or imposed upon the commissioner of revenue by law;

(14) The commissioner of revenue may promulgate rules and regulations for the administration and enforcement of the property tax. Such rules and regulations shall have the force and effect of law;

(15) To execute and administer any agreement with the secretary of the treasury of the United States regarding the exchange of information and administration of the tax laws of both the United States and the state of Minnesota.;

(16) *To administer and enforce the provisions of sections 325.64 to 325.76, the Minnesota unfair cigarette sales act.*

ARTICLE X: GIFTS TO MINORS

Section 1. Minnesota Statutes 1978, Section 292.04, is amended to read:

292.04 [EXEMPTIONS.] The following transfers by gift shall be exempt from and excluded in computing the tax imposed by this chapter:

(1) Gifts to or for the use of the United States of America or any state or any political subdivision thereof for exclusively public purposes;

(2) Gifts to or for the use of any fund, foundation, trust, association, organization or corporation operated within this state for religious, charitable, scientific, literary, or educational purposes exclusively, including the promotion of the arts, or the conduct of a public cemetery, if no part thereof inures to the profit of any private shareholder or individual. Gifts to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, or educational purposes, including the promotion of the arts, or the conduct of a public cemetery, no part of which inures to the profit of any private shareholders or individual, shall be exempt, if at the date of the gift, the laws of the state under the laws of which the donee is organized or existing either (1) do not impose a gift tax in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contain a reciprocal provision under which gifts to a similar corporation, fund, foundation, trust, or association organized or existing under the laws of another state are exempt from gift taxes if such other state allows a similar exemption to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of such state;

(3) Gifts to a fraternal society, order, or association operating under the lodge system, but only if such gifts are to be used exclusively for the purposes designated in clause (2);

(4) Gifts to or for the use of posts or organizations of war veterans, or auxiliary units or societies of any such posts or organ-

izations, if such posts, organizations, units or societies are organized within the state of Minnesota and if such gifts are to be used exclusively for the purposes designated in clause (2);

(5) All property transferred, money, service, or other thing of value, paid, furnished, or delivered by any person, corporation, organization, or association to his or its employees, or to any organization of his or its employees, directly or indirectly, or to any person, firm, or corporation for them or it, including payments to cover insurance, sickness, and death benefits, pensions, relief activities, or to any other employees benefit fund of any kind, and medical service to such employees and their families;

(6) The first \$3,000 in value of gifts (other than of future interests in property) made to any person by the donor during any calendar year. No part of a gift to a minor donee shall be considered a gift of future interest in property for purposes of this clause if it complies with the provisions of the Minnesota uniform gifts to minors act, chapter 527, or if it is a transfer for the benefit of a minor, and if the property and income therefrom:

(a) May be expended by or for the benefit of the donee before his attaining the age of 18 21 years; and

(b) Will to the extent not so expended

(1) pass to the donee on his attaining the age of 18 21 years and

(2) in the event the donee dies before attaining the age of 18 21 years, be payable to the estate of the donee, or as he may appoint under a general power of appointment as defined in section 2514(C) of the Internal Revenue Code of 1954;

(7) Gifts to an employee stock ownership trust as defined in section 290.01, subdivision 5. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the exemption shall be reduced by the product of multiplying said amount by their percentage interest in the trust.

Sec. 2. [REFUND.] Persons who paid gift taxes after June 1, 1973 on a transfer excludable pursuant to section 1 shall be entitled to a refund of taxes paid provided a claim is made to the commissioner pursuant to the procedures of section 292.12.

Sec. 3. [APPROPRIATION.] There is appropriated from the general fund to the commissioner of revenue the amount necessary to make the refunds provided by section 2.

Sec. 4. [EFFECTIVE DATE.] This article is retroactively effective June 1, 1973."

Delete the title and insert:

"A bill for an act relating to taxation; providing certain modifications of gross income; increasing and extending certain credits against income tax; increasing the maximum standard deduction; providing for computation of charitable contribution deduction; imposing one-month moratorium on withholding of tax from

wages; providing for valuation of agricultural land for school aids purposes; increasing the state share of certain income maintenance payments; reducing certain property assessment ratios; extending agricultural homestead treatment to noncontiguous land; providing for certain levies; increasing the homestead credit; eliminating the limited market value; increasing certain property tax refund amounts; abolishing the inheritance tax; establishing an estate tax; repealing the gift tax; reducing the rate of sales and use tax on farm machinery; providing sales tax exemptions for certain organizations; reducing the rates of tax on corporate, banks and individual income; providing a property tax credit for commercial property; increasing the amount and providing for the distribution of aids to local governments; providing state assistance for municipal pension costs; altering the tax treatment of railroads; providing for payment in lieu of taxes on certain lands; requiring the commissioner of revenue to administer the Minnesota unfair cigarette sales act; providing retroactive gift tax exemption for certain gifts to minors; appropriating money; amending Minnesota Statutes 1978, Sections 124.212, Subdivision 10; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 270.-06; 272.02, Subdivision 1; 273.11, Subdivision 2; 273.13, Subdivisions 4, 5a, 6, 7, and 14a, and by adding a subdivision; 273.17, Subdivision 1; 275.125, Subdivision 6a; 275.51, Subdivision 3d; 290.01, Subdivision 20; 290.012, Subdivision 3; 290.06, Subdivisions 1, 2c, 3c, 3d, and 3e, and by adding subdivisions; 290.-081; 290.09, Subdivision 15; 290.14; 290.21, Subdivision 3; 290.23, by adding a subdivision; 290.361, Subdivision 2; 290A.03, Subdivisions 3 and 11; 290A.04, Subdivisions 2, 2a, 2b, and 3; 291.005, Subdivision 1; 291.01; 291.03; 291.05; 291.051; 291.06; 291.065; 291.07, Subdivision 1; 291.08; 291.09, Subdivisions 5 and 7, and by adding subdivisions; 291.11, Subdivision 1; 291.111, Subdivision 1; 291.132; 291.14; 291.19, Subdivision 3; 291.20, Subdivision 1; 291.27; 291.33, Subdivision 1; 292.04; 295.02; 297A.-01, by adding a subdivision; 297A.02; 297A.14; 297A.24; 297A.25, Subdivision 1; 352.15, Subdivision 1; 353.15; 354.10; 354A.11; 477A.01, Subdivisions 1, 2 and 4; 524.3-706; 524.3-916; 524.3-1001; 525.091, Subdivisions 1 and 2; 525.312; 525.71; 525.74; and 525.841; and Chapters 270, 273 and 291, by adding sections: repealing Minnesota Statutes 1978, Sections 3A.08; 273.11, Subdivision 2; 290.06, Subdivision 12; 291.02; 291.07, Subdivisions 2 and 2a; 291.09, Subdivisions 1, 2, 3 and 4; 291.10; 291.11, Subdivisions 2, 3, 4, 5, 6, 7, 8, and 9; 291.12, Subdivision 4; 291.19, Subdivision 5; 291.20, Subdivision 3; 291.22; 291.23; 291.24; 291.25; 291.26; 291.29, Subdivisions 1, 2, 3 and 4; 291.30; 291.3A; 291.35; 291.36; 291.37; 291.38; 291.39; 291.40; 292.01; 292.02; 292.03; 292.031; 292.04; 292.05; 292.06; 292.07; 292.08; 292.09; 292.105; 292.111; 292.112; 292.12; 292.125; 292.14; 292.15; 295.-01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; 295.14; and 477A.01, Subdivisions 3 and 4a."

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H. F. No. 1495, as amended by the Senate May 14, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1567.)

Page 8, line 25, delete "\$10,000" and insert "\$12,000"

Page 8, line 25, strike "less"

Page 8, line 28, strike the old language

Page 8, line 29, before the period, strike the old language and delete the new language

Page 9, line 1, delete "\$10,000" and insert "\$12,000"

Page 9, line 1, strike "; this subtraction"

Page 9, strike line 2

Page 9, line 3, strike everything through "of" and delete "\$15,000"

CALL OF THE SENATE

Mr. Sieloff imposed a call of the Senate for the balance of the proceedings on H. F. No. 1495. The following Senators answered to their names:

Anderson	Frederick	Knoll	Penny	Solon
Ashbach	Gearty	Knutson	Perpich	Spear
Bang	Gunderson	Laufenburger	Peterson	Staples
Benedict	Hanson	Lessard	Pillsbury	Stokowski
Bernhagen	Hughes	Luther	Purfeerst	Strand
Brataas	Humphrey	McCutcheon	Renneke	Stumpf
Chenoweth	Jensen	Menning	Rued	Tennessee
Chmielewski	Johnson	Merriam	Schaaf	Ueland, A.
Coleman	Keefe, J.	Moe	Schmitz	Ulland, J.
Davies	Keefe, S.	Nelson	Setzepfandt	Vega
Dieterich	Kirchner	Nichols	Sieloff	Wegener
Dunn	Kleinbaum	Ogdahl	Sikorski	Willet
Engler	Knaak	Olhoff	Sillers	

The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the amendment of Mr. Sieloff.

Mr. McCutcheon moved that those not voting be excused from voting. The motion did not prevail.

Mr. Ashbach moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 21 and nays 32, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Knaak	Renneke	Ulland, J.
Bang	Frederick	Knoll	Rued	
Bernhagen	Jensen	Knutson	Sieloff	
Brataas	Keefe, J.	Ogdahl	Sillers	
Dunn	Kirchner	Pillsbury	Ueland, A.	

Those who voted in the negative were:

Anderson	Dieterich	Johnson	Menning	Olson
Benedict	Gearty	Keefe, S.	Merriam	Perpich
Chmielewski	Gunderson	Kleinbaum	Nelson	Schaaf
Coleman	Hanson	Luther	Nichols	Schmitz
Davies	Humphrey	McCutcheon	Olhoff	Solon

Spear
StaplesStokowski
Stumpf

Tennessee

Vega

Wegener

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

Mr. Frederick moved to amend H. F. No. 1495, as follows:

Delete everything after the enacting clause and insert:

**“ARTICLE I
INCOME TAX BRACKET EXPANSION**

Section 1. Minnesota Statutes 1978, Section 290.06, Subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULE OF RATES FOR INDIVIDUALS, ESTATES AND TRUSTS.] (a) For taxable years beginning after December 31, ~~1977~~ 1978, the income taxes imposed by this chapter upon individuals, estates and trusts, other than those taxable as corporations, shall be computed by applying to their taxable net income in excess of the applicable credits allowed by section 290.21, the following schedule of rates:

- (1) On the first ~~\$500~~ \$600, one and six-tenths percent;
- (2) On the second ~~\$500~~ \$600, two and two-tenths percent;
- (3) On the next ~~\$1,000~~ \$1,200, three and five-tenths percent;
- (4) On the next ~~\$1,000~~ \$1,200, five and eight-tenths percent;
- (5) On the next ~~\$1,000~~ \$1,200, seven and three-tenths percent;
- (6) On the next ~~\$1,000~~ \$1,200, eight and eight-tenths percent;
- (7) On the next ~~\$2,000~~ \$2,400, ten and two-tenths percent;
- (8) On the next ~~\$2,000~~ \$2,400, eleven and five-tenths percent;
- (9) On the next ~~\$3,500~~ \$4,200, twelve and eight-tenths percent;
- (10) On all over ~~\$12,500~~ \$15,000, and not over ~~\$20,000~~ \$24,000, fourteen percent;
- (11) On all over ~~\$20,000~~ \$24,000, and not over ~~\$27,500~~ \$33,000, fifteen percent;
- (12) On all over ~~\$27,500~~ \$33,000, and not over ~~\$40,000~~ \$48,000, sixteen percent;
- (13) On all over ~~\$40,000~~ \$48,000, seventeen percent.

(b) In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year, reduced by the applicable credits allowed by section 290.21, is less than \$20,000 shall 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.

Sec. 2. Minnesota Statutes 1978, Section 290.06, Subdivision 3d, is amended to read:

Subd. 3d. [CREDITS AGAINST TAX.] The taxes due as computed in accordance with section 290.06, subdivision 2c ; and 3c ; and 3e shall be credited with the following amounts:

(1) A credit equal to his tax liability in the case of:

(a) An unmarried claimant with an income of ~~\$4,800~~ \$5,280 or less;

(b) A claimant with one dependent, with an income of ~~\$5,800~~ \$6,240 or less;

(c) A claimant with two dependents, with an income of ~~\$6,800~~ \$7,200 or less;

(d) A claimant with three dependents, with an income of ~~\$7,800~~ \$8,040 or less;

(e) A claimant with four dependents, with an income of ~~\$8,400~~ \$8,760 or less; and

(f) A claimant with five or more dependents, with an income of ~~\$8,900~~ \$9,360 or less.

(2) In the case of a claimant with an income in excess of that set forth in the appropriate category of clause (1), he may pay a tax equal to 15 percent of that portion of his income that is in excess of the amount set forth in the appropriate category of clause (1), or his tax obligation as it would have been in the absence of section 290.012 and this subdivision, whichever is less.

(3) The total income of the claimant and his spouse, if any, shall be the figure employed for the purposes of this subdivision. No individual dependent upon and receiving his chief support from any other individual may be a claimant under section 290.012 and this subdivision. The commissioner of revenue shall prescribe the additional forms or alterations in existing forms as necessary to comply with the provisions of section 290.012 and this subdivision. All claimants shall submit their returns on these forms.

The commissioner of revenue shall provide alternative tax tables which will include these credits.

Sec. 3. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 3f. [INFLATION ADJUSTMENT.] The commissioner of revenue shall determine and announce by September 1, 1981, the percentage increase from June, 1980, to June, 1981, in the revised urban consumer price index for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The taxable net income brackets in subdivision 2c and the income exclusion amounts contained in subdivision 3d shall be increased by that percentage rounded to the nearest dollar to produce the inflation adjusted taxable net

income brackets and exclusion amounts for the taxable year beginning after December 31, 1980.

The commissioner of revenue shall determine and announce by September 1, 1982, and each succeeding year, the percentage increase from June, 1981, to June, 1982, and each year thereafter, in the revised all urban consumer price index described above. The taxable net income brackets in subdivision 2c and the income exclusion amounts contained in subdivision 3d as adjusted in the previous year shall be increased by that percentage rounded to the nearest dollar to produce the inflation adjusted taxable net income brackets and exclusion amounts for the taxable year beginning after December 31, 1981, and each succeeding taxable year.

Sec. 4. [EFFECTIVE DATE.] Sections 1 and 2 are effective for taxable years beginning after December 31, 1978. Section 3 is effective for taxable years beginning after December 31, 1980 and subsequent years.

ARTICLE II

INCOME TAX CREDITS

Section 1. Minnesota Statutes 1978, Section 290.012, Subdivision 3, is amended to read:

Subd. 3. "Dependent" means an individual dependent upon and receiving his chief support from the claimant. Payments for support of minor children as provided in ~~section 290.072, subdivision 3~~ under a temporary or final decree of dissolution or legal separation, shall be considered as payments by the claimant for the support of a dependent. For the purposes of section 290.06, subdivision 3d, a spouse except a divorced or separated spouse shall be considered to be a dependent.

Sec. 2. Minnesota Statutes 1978, Section 290.06, Subdivision 3c, is amended to read:

Subd. 3c. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3a for taxable years which begin after December 31, ~~1977~~ 1978, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual, and, ~~except as provided in paragraph 6~~ in the case of the estate of a decedent, \$40 \$48, and in the case of a trust, \$5;

(2) In the case of a married individual, living with husband or wife, and in the case of a head of a household, ~~\$80~~ \$96. If such husband and wife make separate returns the personal exemption may be taken by either or divided between them;

(3) In the case of an individual, ~~\$40~~ \$48 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. In the case of the head

of a household, a credit for one dependent shall be disallowed. A payment to a divorced or separated wife spouse, other than a payment of the kind referred to in section 200.072, subdivision 3 for support of minor children under a temporary order or final decree of dissolution or legal separation, shall not be considered a payment by the husband other spouse for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$20 \$48;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$20 \$48;

(c) In the case of a married individual, living with husband or wife, an additional \$20 \$48 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$20 \$48 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make separate returns, these credits may be taken by either or divided between them;

(d) For the purposes of sub-paragraphs (b) and (c) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(e) In the case of an unmarried individual who is deaf at close of the taxable year, an additional \$20 \$48.

(f) In the case of a married individual, an additional \$20 \$48 for each spouse who is deaf at the close of the taxable year. If the husband and wife make separate returns, these credits may be taken by either or divided between them.

(g) In the case of an individual, an additional \$20 \$48 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

(h) For the purposes of subparagraphs (e), (f) and (g) of paragraph (4), an individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.

(i) In the case of an unmarried individual who is quadriplegic at the close of the taxable year, an additional \$48;

(j) In the case of a married individual, living with a spouse, an additional \$48 for each spouse who is a quadriplegic at the close of the taxable year; and

(k) In the case of an individual, another \$48 for each person, other than a spouse, who is dependent upon and receiving his chief support from the taxpayer, and who is a quadriplegic at the close of the taxable year.

(5) (a) If an unmarried individual qualifies for two or more additional credits under the provisions of clauses (4) (a), (4) (b) and (4) (c), the total amount of his credit shall be increased by \$10 for each additional credit in excess of one.

(b) If a married individual qualifies for more than one additional credit for either spouse under the provisions of clauses (4) (c) and (4) (d), the total amount of his credit shall be increased by \$10 for each additional credit in excess of one per spouse.

(6) (5) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53 as amended;

(7) (6) In the case of a non-resident individual, credits under paragraphs 1, 2, 3, 4 and 5 and 4 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income from all sources, and in any event a minimum credit of \$5 shall be allowed.

(7) [INFLATION ADJUSTMENT.] *The commissioner of revenue shall determine and announce by September 1, 1981, the percentage increase from June, 1980, to June, 1981, in the revised all urban consumer price index for the Minneapolis-St Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The credits provided in this subdivision shall be increased by that percentage rounded to the nearest dollar to produce the inflation adjusted credit amounts for the taxable year beginning after December 31, 1980.*

The commissioner of revenue shall determine and announce by September 1, 1982, and each succeeding year, the percentage increase from June, 1981, to June, 1982, and each year thereafter, in the revised all urban consumer price index described above. The credit amounts provided in this subdivision as adjusted in the previous year shall be increased by that percentage rounded to the nearest dollar to produce the inflation adjusted credit amounts for the taxable year beginning after December 31, 1981, and each succeeding taxable year.

Sec. 3. Minnesota Statutes 1978, Section 290.06, Subdivision 11, is amended to read:

Subd. 11. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] *In lieu of the credit against taxable net income provided by section 290.21, subdivision 3, clause (c), A taxpayer may take a credit against the tax due under this chapter of 50 percent but not more than \$25 \$50 of his contributions to a political party, as defined by section 200.02, subdivision 7, and candidate. A married couple, filing jointly, may take a similar credit of not more than \$50 \$100. No credit shall be allowed under this subdivision for a contribution to any candidate, other than a candidate for elective judicial office, who has not signed an agreement to limit his campaign expenditures as provided in section*

10A.32, subdivision 3b. The commissioner of revenue shall provide in the tax instruction booklet language understandable to a person of average intelligence which states that the taxpayer may only claim a credit against his tax due for contributions to candidates for (a) judicial office or (b) statewide or legislative office who have agreed to limit their expenditures. For purposes of this subdivision, "candidate" means a candidate as defined in section 10A.01, subdivision 5, or a candidate for United States congressional office from the state of Minnesota. A taxpayer taking a credit pursuant to this subdivision may not deduct a contribution under section 4. The department of revenue shall provide on the first page of the Minnesota tax form an appropriate provision for the credit provided by this subdivision.

This credit shall be allowed only if the contribution is verified in the manner the commissioner of revenue shall prescribe.

Sec. 4. Minnesota Statutes 1978, Section 290.09, is amended by adding a subdivision to read:

Subd. 30. [POLITICAL CONTRIBUTIONS.] An amount for contributions made within the taxable year to a candidate, as defined in section 210A.01, subdivision 3, a political party or a political cause shall be allowed as a deduction, unless contributions to the candidate or political party would qualify for a credit under section 3 of this article. The maximum allowable deduction under this subdivision shall be \$100 for an individual and \$200 for a married couple, filing a joint return. A taxpayer who deducts a contribution pursuant to this subdivision may not take a contribution credit pursuant to section 3 of this article, in the same taxable year.

Sec. 5. Minnesota Statutes 1978, Section 290.21, Subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operating exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this state if such contributions or gifts are to be used exclusively for the purposes specified in subdivision 3(b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual, or to an employee

stock ownership trust as defined in section 290.01, subdivision 25. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the deduction shall be reduced by the product of multiplying said amount by their percentage interest in the trust,

(d) to or for the use of the United States of America for exclusively public purposes, and to or for the use of any community chest, corporation, trust, fund, association, or foundation, organized and operated exclusively for any of the purposes specified in subdivision 3(b) and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual, but not carrying on substantially all of their activities within this state, in an amount equal to the ratio of Minnesota taxable net income to total net income, provided, however, that for an individual taxpayer, the credit shall be allowed in an amount equal to the ratio of the taxpayer's gross income from sources within the state to the taxpayer's gross income from all sources.

(e) to a political party, as defined in section 200.02, subdivision 7, or a political candidate, as defined in section 210A.01, or a political cause when sponsored by any party or association or committee, as defined in section 210A.01, in a maximum amount not to exceed the following:

(1) contributions made by individual natural persons, \$100,

(2) contributions made by a national committeeman, national committeewoman, state chairman, or state chairwoman of a political party, as defined in section 200.02, subdivision 7, \$1,000,

(3) contributions made by a congressional district committeeman or committeewoman of a political party, as defined in section 200.02, subdivision 7, \$350,

(4) contributions made by a county chairman or a county chairwoman of a political party, as defined in section 200.02, subdivision 7, \$150;

(f) In the case of an individual, the total credit against taxable net income allowable hereunder shall not exceed 30 percent of the taxpayer's Minnesota gross income as follows:

(i) the aggregate of contributions made to organizations specified in (a), (b) and (d) shall not exceed ten percent of the taxpayer's Minnesota gross income;

(ii) the total credits under this subparagraph for any taxable year shall not exceed 20 percent of the taxpayer's Minnesota gross income. For purposes of this subparagraph, the credits under this section shall be computed without regard to any deduction allowed under subparagraph (i) but shall take into account any contributions described in subparagraph (i) which are in excess of the amount allowable as a credit under subparagraph (i); the sum of:

(i) 20 percent of the taxpayer's Minnesota gross income in the case of contributions described in clauses (c) and (e); and

(ii) 50 percent of the taxpayer's Minnesota gross income in the case of contributions or gifts described in clauses (a), (b) and (d), reduced by the amount of the credit allowable under subparagraph (i),

(g) in the case of an individual, if the amount of the contributions or gifts described in clauses (a), (b) and (d), when added to the amount of contributions described in clauses (c) and (e), payment of which is made in a taxable year, hereinafter referred to in this subdivision as the "contribution year", exceeds 50 percent of the taxpayer's Minnesota gross income for that year, the excess shall be treated as a gift or contribution pursuant to this subdivision, paid in each of the five succeeding taxable years in order of time, but with respect to any succeeding taxable year, only to the extent of the lesser of the following amounts:

(i) the amount by which 50 percent of the taxpayer's Minnesota gross income for such succeeding taxable year exceeds the sum of the contribution and gifts described in this subdivision, payment of which is actually made by the taxpayer within such succeeding taxable year, and the contributions and gifts described in clauses (a), (b) and (d), payment of which was made in taxable years before the contribution year and which are treated pursuant to this clause as having been paid in such succeeding taxable year; or

(ii) in the first succeeding taxable year, the amount of such excess, and in the second, third, fourth and fifth succeeding taxable years, the portion of such excess not treated under this clause as a contribution or gift described in clauses (a), (b) and (d) paid in a taxable year between the contribution year and such succeeding taxable year; or

(iii) if, in a contribution year, the taxpayer's Minnesota gross income exceeds \$100,000, clause (g) shall not apply and no contributions or gifts covered by clause (g) shall be carried forward to a subsequent year,

~~(g)~~(h) in the case of a corporation, the total credit against net income hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the credits allowable under this section other than those for contributions or gifts.

~~(h)~~(i) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by regulations prescribe; ,

~~(i)~~(j) in the case of a contribution or property placed in trust as described in section 170(f)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1976, a credit

shall be allowed under this subdivision to the extent that a deduction is allowable for federal income tax purposes.

Sec. 6. [REPEALER.] *Minnesota Statutes 1978, Section 290.06, Subdivision 3e; and 290.21, Subdivision 3a, are repealed.*

Sec. 7. [EFFECTIVE DATE.] *Section 1 is effective for taxable years beginning after December 31, 1977. Except as otherwise provided, sections 2, 3, 4 and 5 are effective for taxable years beginning after December 31, 1978.*

ARTICLE III

INCOME TAX RATE REDUCTION

Section 1. *Minnesota Statutes 1978, Section 290.06, Subdivision 2c, is amended to read:*

Subd. 2c. [SCHEDULE OF RATES FOR INDIVIDUALS, ESTATES AND TRUSTS.] (a) *For taxable years beginning after December 31, 1977 1979, the income taxes imposed by this chapter upon individuals, estates and trusts, other than those taxable as corporations, shall be computed by applying to their taxable net income in excess of the applicable credits allowed by section 290.21, the following schedule of rates:*

- (1) *On the first \$500, one and six-tenth percent;*
- (2) *On the second \$500, two and two-tenths percent;*
- (3) *On the next \$1,000, three and five-tenths percent;*
- (4) *On the next \$1,000, five and eight-tenths percent;*
- (5) *On the next \$1,000, seven and three-tenths percent;*
- (6) *On the next \$1,000, eight and eight-tenths percent;*
- (7) *On the next \$2,000, ten and two-tenths percent;*
- (8) *On the next \$2,000, eleven and five-tenths percent;*
- (9) *On the next \$3,500, twelve and eight-tenths percent;*
- (10) *On all over \$12,500, and not over \$20,000, fourteen percent;*
- (11) *On all over \$20,000 and not over \$27,500, fifteen percent;*
- (12) *On all over \$27,500 and not over \$40,000, sixteen percent ;*
- ~~(13) *On all over \$40,000, seventeen percent .*~~

(b) *In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year, reduced by the applicable credits allowed by section 290.21, is less than \$20,000 shall 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.

ARTICLE IV PENSIONS

Section 1. Minnesota Statutes 1978, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "homeowners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended.

For each of the taxable years beginning after December 31, 1960 and prior to January 1, 1971, the term "gross income" in its application to individuals, estates, and trusts, shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through December 31, 1970 for the applicable taxable year, with the modifications specified in this section.

For each of the taxable years beginning after December 31, 1970, the term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1970, shall be in effect for taxable years beginning after December 31, 1970 and prior to January 1, 1973.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1972, shall be in effect for taxable years beginning after December 31, 1972.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1973, shall be in effect for taxable years beginning after December 31, 1973.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H.R. 3477 as it

passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of chapter 290 at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for nonrecognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any such other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for such reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for such previous taxable year.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint or separate Minnesota income tax returns. In the case of separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which

exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1976, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (7) or under section 290.09, subdivision 24; and

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101; and

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, as amended through December 31, 1976, if the nonprofit corporation is domiciled outside of Minnesota;

(13) Exempt-interest dividends, as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1976, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, as amended through December 31, 1976, except for that portion of such exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(14) The amount of any excluded gain realized by a trust on the sale or exchange of property as defined in section 641(c)(1).

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to fifty per centum of such portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of such securities but includible in gross income for federal income tax purposes.

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carry-forwards or carrybacks resulting from such losses;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether such amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, notwithstanding any other law to the contrary, the amount, *not to exceed \$12,000*, received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code of 1954, as amended through December 31, 1977. ~~The maximum amount of this subtraction shall be \$7,200 less the sum of (a) social security retirement benefits received during the taxable year, (b) railroad retirement benefits received during the taxable year, and (c) the amount by which the individual's federal adjusted gross income exceeds \$13,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be \$7,200 less the sum of social security retirement benefits and railroad retirement benefits; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$13,000;~~

(7) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later; and

(9) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed after December 31, 1977 and before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60.

(c) Modifications affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954, or section 290.972 of this chapter.

(1) Shareholders in a small business corporation, which has elected to be so taxed under the Internal Revenue Code of 1954, but has not made an election under section 290.972 of this chapter, shall deduct from federal adjusted gross income the amount of any imputed income from such corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of such stock ownership. Also there shall be added to federal adjusted gross income the amount of any distributions in cash or property made by said corporation to its shareholders during the taxable year.

(2) In cases where the small business corporation has made an election under section 1372 of the Internal Revenue Code of 1954, but has not elected under section 290.972 of this chapter and said corporation is liquidated or the individual shareholder disposes of his stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, such shareholders shall be entitled, nevertheless, to a capital loss commensurate to their Minnesota basis for the stock.

(3) In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under section 290.972 of this chapter and at the close of the taxable year immediately preceding the effective election under section 290.972 the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that such reserve is distributed to shareholders such distribution shall be taxed as a dividend for purposes of this act.

Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that such amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which

actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1(2) in computing Minnesota inheritance tax liability shall not be allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have such amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 2. [EFFECTIVE DATE.] *This article is effective for taxable years beginning after December 31, 1978.*

ARTICLE V MILITARY TAXATION

Section 1. Minnesota Statutes 1978, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "homeowners association" as those terms are defined in Section 52B of the Internal Revenue Code of 1954, as amended.

For each of the taxable years beginning after December 31, 1960 and prior to January 1, 1971, the term "gross income" in its application to individuals, estates, and trusts, shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through December 31, 1970 for the applicable taxable year, with the modifications specified in this section.

For each of the taxable years beginning after December 31, 1970, the term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as com-

puted for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1970, shall be in effect for taxable years beginning after December 31, 1970 and prior to January 1, 1973.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1972, shall be in effect for taxable years beginning after December 31, 1972.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1973, shall be in effect for taxable years beginning after December 31, 1973.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H. R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of chapter 290 at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for nonrecognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any such other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax

under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for such reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for such previous taxable year.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint or separate Minnesota income tax returns. In the case of separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1976, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (7) or under section 290.09, subdivision 24; and

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101; and

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, as amended through December 31, 1976, if the nonprofit corporation is domiciled outside of Minnesota;

(13) Exempt-interest dividends, as defined in section 852(b) (5) (A) of the Internal Revenue Code of 1954, as amended through December 31, 1976, not included in federal adjusted gross income pursuant to section 852(b) (5) (B) of the Internal Revenue

Code of 1954, as amended through December 31, 1976, except for that portion of such exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(14) The amount of any excluded gain realized by a trust on the sale or exchange of property as defined in section 641(c)(1),

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to fifty per centum of such portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of such securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from such losses;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether such amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code of 1954, as

amended through December 31, 1977. The maximum amount of this subtraction shall be \$7,200 less the sum of (a) social security retirement benefits received during the taxable year, (b) railroad retirement benefits received during the taxable year, and (c) the amount by which the individual's federal adjusted gross income exceeds \$13,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be \$7,200 less the sum of social security retirement benefits and railroad retirement benefits; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$13,000;

(7) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later; and

(9) To the extent included in federal adjusted gross income, the first \$3,000 received by any person as compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 received by an individual as compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota; and

~~(9)~~ (10) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed after December 31, 1977 and before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60.

(c) Modifications affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954, or section 290.972 of this chapter.

(1) Shareholders in a small business corporation, which has elected to be so taxed under the Internal Revenue Code of 1954, but has not made an election under section 290.972 of this chapter, shall deduct from federal adjusted gross income the amount of any imputed income from such corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of such stock ownership. Also there shall be added to federal adjusted gross income the amount of any distributions in cash or property made by said corporation to its shareholders during the taxable year.

(2) In cases where the small business corporation has made an election under section 1372 of the Internal Revenue Code of 1954, but has not elected under section 290.972 of this chapter and said corporation is liquidated or the individual shareholder disposes of his stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, such shareholders shall be entitled, nevertheless, to a capital loss commensurate to their Minnesota basis for the stock.

(3) In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under section 290.972 of this chapter and at the close of the taxable year immediately preceding the effective election under section 290.972 the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that such reserve is distributed to shareholders such distribution shall be taxed as a dividend for purposes of this act.

Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that such amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1(2) in computing Minnesota inheritance tax liability shall not be allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have such amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 2. [REPEALER.] *Minnesota Statutes 1978, Section 290.06, Subdivision 12, is repealed.*

Sec. 3. [EFFECTIVE DATE.] *This article is effective for taxable years beginning after December 31, 1978.*

ARTICLE VI ENERGY CREDITS

Section 1. *Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:*

Subd. 13. [RESIDENTIAL ENERGY CREDIT.] *A credit of 20 percent of the first \$10,000 of renewable energy source expenditures, made by the taxpayer on a Minnesota building of six dwelling units or less in a taxable year, may be deducted from the tax due under this chapter for the taxable year.*

A "renewable energy source expenditure" which qualifies shall include:

(a) Expenditures which qualify for the federal renewable energy credit, pursuant to Section 44C of the Internal Revenue Code of 1954, as amended through December 31, 1978, and any regulations promulgated pursuant thereto;

(b) Expenditures for earth sheltered dwelling units. For purposes of this credit, an "earth sheltered dwelling unit" shall mean a structure which complies with applicable building standards and which is constructed so that:

(1) 80 percent or more of the roof area is covered with a minimum depth of 12 inches of earth;

(2) 50 percent or more of the wall area is covered with a minimum depth of 12 inches of earth; and

(3) Those portions of the structure not insulated with a minimum of seven feet of earth shall have additional insulation;

(c) Expenditures for biomass conversion equipment which produces ethanol, methane or methanol for use as a liquid fuel which is not offered for sale; and

(d) Expenditures for passive solar energy systems. For purposes of this credit, a "passive solar energy system" is defined to include systems which utilize elements of the building and its operable components to heat or cool is building with the sun's energy by means of conduction, convection, radiation, or evaporation. A passive system shall include:

(1) Collection aperture, including glazing installed in south facing walls and roofs; and

(2) Storage element, including thermal mass in the form of water, masonry, rock, concrete, or other mediums which is designed to store heat collected from solar radiation.

A passive system may include:

(1) Control and distribution element, including fans, louvers, and air ducts; and/or

(2) Retention element, including movable insulation used to minimize heat loss caused by nocturnal radiation through areas used for direct solar heat gain during daylight hours.

Eligible passive expenditures shall be for equipment, materials or devices that are an integral part of the components listed above and essential to the functioning of a passive design which qualifies pursuant to rules promulgated by the commissioner of revenue in cooperation with the director of the energy agency. Expenditures for equipment, materials, or devices which are a part of the normal heating, cooling, or insulation system of a building are not eligible for the credit.

If a credit was allowed to a taxpayer under this subdivision for any prior taxable year with respect to a dwelling unit by reason of energy conservation expenditures or renewable energy source expenditures, the dollar amount of the credit allowable for each kind of expenditure for the current taxable year shall be reduced by the amount of expenditures of that kind taken into account in prior years.

The credit provided in this subdivision shall not be allowed in a taxable year if the amount of the credit would be less than \$10. The credit shall not exceed the amount of tax due under chapter 290.

If the credit allowable under this subdivision exceeds the amount of tax due in a taxable year, the excess credit may be carried forward to the succeeding taxable year and added to the credit allowable for that year. No amount may be carried forward to a taxable year beginning after December 31, 1984.

A shareholder in a family farm corporation and each partner in a partnership operating a family farm shall be eligible for the credit provided by this subdivision in the same manner and to the same extent allowed a joint owner of property under clause (a). "Family farm corporation" and "family farm" have the meanings given in section 500.24.

The credit provided in this subdivision is subject to the provisions of section 44C, (c) (7), (d) (1) to (3), and (e), of the Internal Revenue Code of 1954, as amended through December 31, 1978, and any regulations promulgated pursuant thereto.

Sec. 2. [RULES.] The commissioner of revenue in cooperation with the director of the energy agency shall promulgate rules establishing additional qualifications and definitions for the credits provided in clauses (a) to (d).

Sec. 3. [EFFECTIVE DATE.] This article is effective for expenditures made during the tax years beginning after December 31, 1978 and before January 1, 1983.

ARTICLE VII CORPORATE TAX

Section 1. Minnesota Statutes 1978, Section 290.06, Subdivision 1, is amended to read:

290.06 [RATES OF TAX; CREDITS AGAINST TAX.] Subdivision 1. [COMPUTATION, CORPORATIONS.] The privilege and income taxes imposed by this chapter upon corporations shall be computed by applying to their taxable net income in excess of the applicable credits allowed under section 290.21 the rate of following schedule of rates: (a) *On the first \$25,000, six percent;* (b) *On the remainder, 12 percent.*

The amount of tax payable by a corporation required to file a return shall not be less than \$100.

Sec. 2. Minnesota Statutes 1978, Section 290.361, Subdivision 2, is amended to read:

Subd. 2. [COMPUTATION OF TAXABLE NET INCOME.] The taxable net income shall be computed in the manner provided by this chapter except that in the case of national and state banks: (a) ~~the rate shall be 13.64 percent until January 1, 1974 and 12 percent thereafter;~~ (b) ~~the basic date for the purpose of computing gain or loss and depreciation shall be January 1, 1940, instead of January 1, 1933;~~ (c) ~~property consisting of investments in bonds, stocks, notes, debentures, mortgages, certificates, or any evidence of indebtedness, and any property acquired in liquidation thereof when such property is held for investment or for sale, shall not be deemed to be capital assets; and~~ (d) ~~(c) in computing net income there shall be allowable as a deduction from gross income, in addition to deductions otherwise provided for in this act, any dividend (not including any distribution in liquidation) paid, within the taxable year, to the United States or to any instrumentality thereof exempt from federal income taxes, on the preferred stock of the bank owned by the United States or such instrumentality. The excise tax imposed by subdivision 1 of this section upon national and state banks shall be computed by applying to their taxable net income as determined above, the rates prescribed by section 290.06, subdivision 1.~~

Sec. 3. [EFFECTIVE DATE.] *This article is effective for taxable years beginning after December 31, 1979.*

ARTICLE VIII JOB EXPANSION AND NEW BUSINESS FACILITIES CREDIT

Section. 1. [290B.01] [DEFINITIONS.] *As used in sections 1 to 6:*

Subdivision 1. "Facility" means a factory, mill, plant, refinery, warehouse, feedlot, or building or complex of buildings in which individuals are customarily employed or in which machinery,

equipment or other property is customarily housed.

Subd. 2. "Revenue producing enterprise" includes any of the following:

(a) the assembly, fabrication, manufacture, or processing of an agricultural, mineral, or manufactured product;

(b) the storage, warehousing, distribution, or sale of an agricultural, mining, or manufacturing product;

(c) the feeding of livestock at a feed lot;

(d) the operation of a laboratory or other facility for research, development, or testing in the field of science, agriculture, animal husbandry, or industry;

(e) the performance of any type of services; or

(f) the administrative management of any of the enterprises described in clauses (a) through (e).

Subd. 3. "Qualified employee" is an individual who is employed by the taxpayer in the operation of the new business facility and who is:

(a) employed on a regular fulltime basis;

(b) employed on a parttime basis for at least 20 hours per week during the entire taxable year; or

(c) employed on a fulltime seasonal basis for the entire season customary to the position in which the person is employed.

Subd. 4. "Replacement business facility" means a facility which replaces an older facility, which older facility:

(a) was operated by either the taxpayer or a related taxpayer during three of the five years immediately preceeding the year in which the taxpayer begins operations at the replacement facility;

(b) was used by either the taxpayer or a related taxpayer in a revenue producing enterprise and the taxpayer continues in the operation of the same or a substantially identical revenue producing enterprise; and

(c) discontinues operations before the end of the first taxable year in which the taxpayer claims the credit allowed under sections 1 to 6.

Subd. 5. "Related taxpayer" means:

(a) an individual, corporation, partnership, trust, or association that controls the taxpayer; or

(b) a corporation, partnership, trust, or association that is controlled by the taxpayer either by himself or through an individual, corporation, partnership, trust, or association that the taxpayer controls.

Subd. 6. "Control" means:

(a) in the case of a corporation, the ownership, either directly or indirectly, of at least 80 percent of all nonvoting classes of stock of the corporation and at least 80 percent of the total voting power of all classes of the corporation's stock entitled to vote;

(b) in the case of a partnership or association, the ownership of at least 80 percent of the capital or profits of the partnership or association; and

(c) in the case of a trust, the ownership, either directly or indirectly, of at least 80 percent of the beneficial interest in the principal or income of the trust.

Sec. 2. [290B.02] [CREDIT.] Subdivision 1. A taxpayer is entitled to an income tax credit if he begins operating a new business facility in Minnesota after December 31, 1979 and before January 1, 1985, and if he maintains an average of at least five qualified employees at that new business facility.

Subd. 2. The income tax credit to which the taxpayer is entitled in a taxable year equals the lesser of:

(a) 50 percent of the state income tax liability for that taxable year which is attributable to the new business facility; or

(b) the sum of: (A) the product of: (i) \$100 multiplied by (ii) the average number of qualified employees employed at the new business facility during the taxable year; plus (B) the product of: (i) \$100 multiplied by (ii) each \$100,000 or major part thereof of the taxpayer's average new business facility investment during the taxable year.

Subd. 3. Except as provided in section 5, a taxpayer may claim the credit in the taxable year in which he begins operating the new business facility and in each of the nine succeeding taxable years in which he operates the facility and maintains the required number of qualified employees.

Subd. 4. For purposes of sections 1 to 6 a taxpayer begins operating a new business facility when he first pays at least five qualified employees to perform functions at the new business facility, which functions are a part of the facility's revenue producing enterprise.

Subd. 5. Notwithstanding subdivision 1 a public utility is not entitled to the credit provided under sections 1 to 6.

Sec. 3. [290B.03] [CALCULATION OF CREDIT.] Subdivision 1. (a) For purposes of determining the credit to which a taxpayer is entitled, the average number of qualified employees at a new business facility for a taxable year equals the quotient of: (1) the number of qualified employees at the new business facility on the last business day of each month divided by (2) 12.

(b) If in the taxable year in which the new business facility begins operations the facility does not operate for 12 months, the average number of qualified employees shall be determined by substituting the number of months that the facility is operated for the number 12 in clause (a) (2).

(c) If a facility qualifies as a new business facility under the expansion exception provided in section 4, subdivision 3, the average number of qualified employees determined under clause (a) shall be reduced by the average number of individuals employed in the operation of the old facility during the three taxable years immediately preceding the taxable year in which the new business facility begins operation. The average number of individuals employed at the old facility shall be determined in the same manner as the average number of qualified employees.

Subd. 2. (a) For purposes of determining the credit to which a taxpayer is entitled, the average new business facility investment for a taxable year equals the quotient of: (1) the value of the new business facility investment on the last business day of each month; divided by (2) 12.

(b) If in the taxable year in which the new business facility begins operations, the facility does not operate for 12 months, the average new business facility investment shall be determined by substituting the number of months that the facility is operated for 12 in clause (a) (2).

(c) The value of new facility investment is:

- (1) the original cost, if the taxpayer owns the property; or
- (2) eight times the net annual rental rate, if the taxpayer leases the property.

Subd. 3. (a) For purposes of determining the credit to which the taxpayer is entitled, the state income tax liability attributable to a new business facility equals the product of: (1) the taxpayer's total income tax liability incurred under chapter 290 as computed after application of the credits, except the credit allowed under sections 1 to 6, multiplied by (2) a fraction, the numerator of which is the sum of the property factor and the payroll factor and the denominator of which is two.

(b) The "property factor" is a fraction, the numerator of which is the total tangible property, real, personal and mixed, owned, rented, or used in this state during the taxable year in connection with the operation of the new business facility, and the denominator of which is the total tangible property, real, personal and mixed, owned, rented, or used in this state during the taxable year.

(c) The "payroll factor" is a fraction, the numerator of which is the total payroll that the taxpayer paid during the taxable year to qualified employees employed at the new business facility and the denominator of which is the total payroll that the taxpayer paid during the taxable year to employees in this state.

Sec. 4. [290B.04] [NEW BUSINESS FACILITY.] Subdivision 1. (a) A facility qualifies as a new business facility if:

(a) the facility is used by the taxpayer in the operation of a revenue producing enterprise, other than the leasing of the facility to another person;

(b) the facility has not, for one year prior to the date it begins operations, been operating in a revenue producing enterprise in which the products produced or sold, the services performed, or activities conducted were of the same character and were for the same type of customers as the revenue producing enterprise for which the taxpayer operates the facility; and

(c) the facility is not a replacement facility.

Subd. 2. For purposes of subdivision 1, clause (a) only, if a taxpayer leases a part of a facility to another person and operates the remainder of the facility in a revenue producing enterprise, the part of the facility which the taxpayer operates in a revenue producing operation may qualify as a new business facility.

Subd. 3. If a taxpayer expands an existing facility by making a capital investment that exceeds the lesser of:

(1) \$1,000,000; or

(2) the amount of his capital investment in the existing facility;
the taxpayer may consider the expansion as a separate facility for purposes sections 1 to 6.

Sec. 5. [290B.05] [DEFERRAL OF CREDIT.] *Subdivision 1. A taxpayer may elect to defer claiming the credit for not more than three taxable years after the taxable years in which he begins operating the new business facility.*

Subd. 2. The taxpayer may make the election by filing a notice with the department, which notice must contain the date the taxpayer began operations at the new business facility and the taxable year for which the election is made. The notice must be filed before the end of the taxable year for which the election is made.

Subd. 3. Except as provided in subdivision 4, if a taxpayer fails to properly make the deferral election in a taxable year, he is entitled to claim the credit only in that taxable year and in the nine taxable years immediately following that taxable year.

Subd. 4. If a taxpayer terminates the operation of a revenue producing enterprise at a new business facility during the ten year period in which he is entitled to the credit, he is entitled to claim the credit for the number of taxable years remaining in the ten year period if he later resumes operation of the new business facility in the same or in a different revenue producing enterprise.

Sec. 6. [290B.06] [TRANSFER OF FACILITY.] *Subdivision 1. If a taxpayer who is entitled to the credit under sections 1 to 6 transfers all or a part of his new business facility to a related taxpayer, the taxpayer may elect either to continue claiming the credit himself, or to allow the related taxpayer to claim the credit for the part of the new business facility transferred to that related taxpayer. The taxpayer shall make the election under this section during the taxable year in which the transfer*

is made and must file notice of that election with his income tax return for that taxable year. If the taxpayer retains the credit for himself he may include the related taxpayer's average number of qualified employees and average new business facility investment for purposes of computing his credit under sections 1 to 6. However, the taxpayer may not include the related taxpayer's state income tax liability for purposes of computing his credit under sections 1 to 6. If the related taxpayer is allowed to claim the credit under sections 1 to 6 he shall compute the credit as if the part of the new business facility transferred to him is a separate new business facility. However, he may only claim the credit for the number of years remaining in the ten year period during which the taxpayer could claim the credit.

Subd. 2. If an individual taxpayer who is entitled to the credit dies during the ten year period in which he may claim the credit, the credit may be claimed for the remainder of the ten year period by the taxpayer's estate or by the beneficiary who receives the new business facility from the estate. However, the total new business facility investment of the estate and the beneficiaries may not exceed the deceased taxpayer's new business facility investment.

Sec. 7. Sections 1 to 6 are effective January 1, 1980 and apply to taxable years beginning after December 31, 1979.

ARTICLE IX

POLLUTION CONTROL CREDIT

Section 1. Minnesota Statutes 1978, Section 290.06, Subdivision 9, is amended to read:

Subd. 9. [POLLUTION CONTROL EQUIPMENT, CREDIT.]

(a) A credit of five percent of the net cost of equipment used primarily to abate or control pollutants to meet or exceed state laws, rules or standards to the extent the property is so used and which is included in section 290.09, subdivision 7, paragraph (A) (a) that is installed and operated within Minnesota exclusively to prevent pollution of air, water, or land in accordance with engineering principles approved by the Minnesota pollution control agency, may be deducted from the tax due under this chapter in the first year for which a depreciation deduction is allowed for the equipment. The credit allowed by this subdivision shall not exceed so much of the liability for tax for the taxable year as does not exceed \$50,000 \$75,000. The credit shall apply only if the equipment meets rules prescribed by the Minnesota pollution control agency and is installed or operated in accordance with a permit or order issued by the agency.

(b) If the amount of the credit determined under (a) for any taxable year for which a depreciation deduction is allowed exceeds the limitation provided by (a) for such taxable year (hereinafter in this subdivision referred to as the "unused credit year"), such excess shall be,

(1) a credit carryback to each of the three taxable years preceding the unused credit year, and

(2) a credit carryover to each of the seven *four* taxable years following the unused credit year.

The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the ~~ten~~ *four* taxable years to which ~~(by reason of (1) and (2))~~ such credit may be carried and then to each of the other ~~nine~~ *three* taxable years; provided, however, the maximum credit allowable in any one taxable year under this subdivision (including the credit allowable under (a) and the carryback or carryforward allowable under this paragraph) shall in no event exceed \$50,000 ~~\$75,000~~.

(c) This subdivision shall apply to property acquired in taxable years beginning on or after January 1, ~~1969~~ 1977.

Sec. 2. Minnesota Statutes 1978, Section 290.06, Subdivision 9a, is amended to read:

Subd. 9a. [FEEDLOT POLLUTION CONTROL EQUIPMENT.] A credit of 10 percent of the net cost of pollution control and abatement equipment, including but not limited to, lagoons, concrete storage pits, slurry handling equipment, and other equipment and devices approved by the pollution control agency, purchased, installed and operated within the state by a feedlot operator to prevent pollution of air, land, or water in connection with the operation of a livestock feedlot, poultry lot or other animal lot, may be deducted from the tax due under this chapter in the taxable year in which such equipment is purchased; provided that no deduction shall be taken for any portion of the cost of the same equipment pursuant to subdivision 9. ~~The credit provided for in subdivision 9 shall terminate on December 31, 1976. The credit provided for in this subdivision shall terminate on December 31, 1980, except any amounts that are carried forward to a subsequent year may be taken as a credit in each subsequent year.~~

If the amount of the credit provided by this subdivision exceeds the taxpayer's liability for taxes pursuant to chapter 290 in the taxable year, beginning after December 31, 1972, in which the equipment is purchased, the excess amount may be carried forward to the four taxable years following the year of purchase. The entire amount of the credit not used in the year purchased shall be carried to the earliest of the four taxable years to which the credit may be carried and then to each of the three successive taxable years.

Sec. 3. Minnesota Statutes 1978, Chapter 298, is amended by adding a section to read:

[298.028] [POLLUTION CONTROL TAX CREDIT.] *Subdivision 1. A credit of five percent of the net cost of equipment used primarily to abate or control pollutants to meet or exceed state laws, rules or standards to the extent the property is so used may be deducted from the tax due under this chapter in the first year in which the equipment is installed.*

The credit allowed by this subdivision shall not exceed so much of the liability for tax for the taxable year as does not exceed \$75,000. The credit shall apply only if the equipment meets rules prescribed by the Minnesota pollution control agency and is installed or operated in accordance with a permit or order issued by the agency.

Subd. 2. If the amount of the credit determined under subdivision 1 for any taxable year exceeds the limitation provided in subdivision 1 for such taxable year, hereinafter referred to as the "unused credit year", such excess shall be a credit carryover to each of the four taxable years following the unused credit year.

The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the four taxable years to which such credit may be carried and then to each of the other three taxable years; provided, however, the maximum credit allowable in any one taxable year under this subdivision, including the credit allowable under subdivision 1 and the carryforward allowable under this paragraph, shall in no event exceed \$75,000.

Sec. 4. [EFFECTIVE DATE.] *Except as otherwise provided, sections 1 and 2 are effective the day following final enactment. Section 3 is effective for property acquired in a taxable year beginning after December 31, 1978.*

ARTICLE X RAILROADS

Section 1. *Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:*

[270.80] [DEFINITIONS.] *Subdivision 1. The following words and phrases when used in sections 1 to 13, unless the context clearly indicates otherwise, shall have the meanings ascribed to them in this section.*

Subd. 2. "Railroad company" means any company which as a common carrier operates a railroad or a line or lines of railway situated within or partly within Minnesota.

Subd. 3. "Operating property" means all property owned or used by a railroad company in the performance of railroad transportation services, including without limitation franchises, rights-of-way, bridges, trestles, shops, docks, wharves, buildings and structures.

Subd. 4. "Nonoperating property" means and includes all property other than property defined in subdivision 3. Nonoperating property shall include real property which is leased or rented or available for lease or rent to any person which is not a railroad company. Vacant land shall be presumed to be available for lease or rent if it has not been used as operating property for a period of one year preceding the valuation date.

Subd. 5. "Commissioner" means the commissioner of revenue.

Sec. 2. *Minnesota Statutes 1978, Chapter 270, is amended by*

adding a section to read:

[270.81] [TAXATION AND ASSESSMENT OF RAILROAD COMPANY PROPERTY.] *Subdivision 1. The operating property of every railroad company doing business in Minnesota shall be valued by the commissioner in the manner prescribed by sections 1 to 13.*

Subd. 2. The nonoperating property of every railroad company doing business in Minnesota shall be assessed as otherwise provided by law.

Subd. 3. The commissioner shall have exclusive primary jurisdiction to determine what is operating property and what is nonoperating property. In making such determination, the commissioner shall solicit information and opinions from outside his department and afford all interested persons an opportunity to submit data or views on the subject in writing or orally.

Subd. 4. In no event shall property owned or used by a railroad, whether operating property or nonoperating property, be subject to tax hereunder unless such property is of a character which would otherwise be subject to tax under the provisions of Minnesota Statutes, Chapter 272.

Subd. 5. Prior to the promulgation of permanent rules the commissioner may exercise temporary rule-making authority as provided in section 15.0412, subdivision 5, to implement the provisions of this act. The commissioner shall solicit information and opinions from outside his department as provided in section 15.0412, subdivision 6, before adopting these rules. Notwithstanding the provisions of section 15.0412, subdivision 5, rules adopted pursuant to this section shall be effective until permanent rules are adopted pursuant to chapter 15 or until May 1, 1980, whichever occurs first.

Sec. 3. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.82] [REPORTS OF RAILROAD COMPANIES.] *Subdivision 1. Every railroad company doing business in Minnesota shall annually file with the commissioner on or before April 30 a report under oath setting forth the information prescribed by the commissioner to enable him to make the valuation and equalization required by sections 1 to 13.*

Subd. 2. The commissioner for good cause may extend the time for filing the report required by subdivision 1.

Sec. 4. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.83] [EXAMINATIONS AND INVESTIGATIONS.] *Subdivision 1. The commissioner shall have the power to examine or cause to be examined any books, papers, records, or memoranda relevant to the determination of the valuation of operating property as herein provided. The commissioner shall have the further power to require the attendance of any person having knowledge*

or information in the premises, to compel the production of books, papers, records, or memoranda by persons so required to attend, to take testimony on matters material to such determination and administer oaths or affirmations.

Subd. 2. For the purpose of making such examinations, the commissioner may appoint such persons as he may deem necessary. Such persons shall have the rights and powers of the examining of books, papers, records or memoranda, and of subpoenaing witnesses, administering oaths and affirmations, and taking of testimony, which are conferred upon the commissioner hereby. The clerk of any court of record, upon demand of any such person, shall issue a subpoena for the attendance of any witness or the production of any books, papers, records, or memoranda before such person. The commissioner may also issue subpoenas for the appearance of witnesses before him or before such persons. Disobedience of subpoenas so issued shall be punished by the district court of the district in which the subpoena is issued for a contempt of the district court.

Subd. 3. If any railroad company shall refuse or neglect to make the report required by this section to the commissioner, or shall refuse or neglect to permit an inspection and examination of its property, records, books, accounts or other papers when requested by the commissioner, or shall refuse or neglect to appear before the commissioner or a person appointed under subdivision 2 when required so to do, the commissioner shall make the valuation provided for by sections 1 to 13 against the railroad company according to his best judgment on available information.

Sec. 5. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.84] [ANNUAL VALUATION OF OPERATING PROPERTY.] *Subdivision 1. The commissioner shall annually between April 30 and July 31 make a determination of the fair market value of the operating property of every railroad company doing business in this state as of January 2 of the year in which the valuation is made. In determining the fair market value of the portion of operating property within this state, the commissioner shall value the operating property as a unit, taking into consideration the value of the operating property of the entire system, and shall allocate to this state that part thereof which is a fair and reasonable proportion of said entire system valuation. If the commissioner uses original cost as a factor in determining the unit value of operating property, no depreciation or obsolescence allowance shall be permitted. However, if the commissioner uses replacement cost as a factor in determining the unit value of operating property, then a reasonable depreciation and obsolescence allowance may be used.*

The commissioner shall give a report to the legislature in February 1980 and in February 1981, on the formula which he has used to determine the unit value of railroad operating property pursuant to this act. This report shall also contain the valuation for payable 1980 and 1981 by company and the taxes payable in 1980

and 1981 by company based upon the valuation of operating property. The legislature may review the formula, the valuation, and the resulting taxes and may make changes in the formula that it deems necessary.

Subd. 2. After the commissioner has determined the fair market value of the operating property of each railroad company, he shall give notice by first class mail to the railroad company of the valuation.

Sec. 6. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.85] [REVIEW OF VALUATION.] *A railroad company may within 15 days of receipt of the notice of valuation file a written request for a conference with the commissioner relating to the value of its operating property. The commissioner shall thereupon designate a time and place for the conference which he shall conduct, upon commissioner's entire files and records and such further information as may be offered. Said conference shall be held no later than 30 days after mailing of the commissioner's valuation notice. At a reasonable time after such conference the commissioner shall make a final determination of the fair market value of the operating property of the railroad company and shall notify the company promptly thereof.*

Sec. 7. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.86] [APPORTIONMENT OF VALUATION.] *Upon determination by the commissioner of the fair market value of the operating property of each railroad company, he shall apportion such value to the respective counties and to the taxing districts therein in conformity with fair and reasonable rules and standards to be established by the commissioner pursuant to notice and hearing, except as provided in section 2 of this act. In establishing such rules and standards the commissioner may consider (a) the physical situs of all station houses, depots, docks, wharves, and other buildings and structures with an original cost in excess of \$10,000; (b) the proportion that the length and type of all the tracks used by the railroad in such county and taxing district bears to the length and type of all the track used in the state; and (c) other facts as will result in a fair and equitable apportionment of value.*

Sec. 8. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.87] [CERTIFICATION TO COUNTY ASSESSORS.] *When the commissioner has made his annual determination of the fair market value of the operating property of each company in each of the respective counties, and in the taxing districts therein, he shall certify the fair market value to the county assessor, which shall constitute the fair market value of the operating property of the railroad company in such county and the taxing districts therein upon which taxes shall be levied and collected in the same manner as on the commercial and industrial property of such*

county and the taxing districts therein.

Sec. 9. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.88] [PROCEEDINGS AND APPEALS.] *The commissioner's final determination under section 6 and his certification to county assessors under section 8 shall be final orders appealable to the tax court in accordance with chapter 271. Appeals by railroad companies under this act shall be taken against the commissioner and not against the county or taxing district to which payment is made. Upon the filing of any appeal by a railroad company, the commissioner shall give notice thereof by first class mail to each county which would be affected by the appeal.*

Sec. 10. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.89] [APPLICABILITY OF OTHER PROVISIONS.] *Section 297A.25, subdivision 1, clause (1) shall remain applicable to railroad companies subject to this act.*

Sec. 11. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.90] [PAYMENT OF TAXES IN 1980 AND 1981 ONLY.] *For the years 1979 and 1980 only, after the commissioner has determined the market value of the operating property of each company under the provisions of sections 5 and 6, he shall compute the assessed value of the operating property by applying the classification percentage contained in section 273.13, subdivision 9. By March 1, 1980 and 1981, the commissioner shall compute the tax due from each company by applying the average statewide mill rate. The statement of taxes shall be sent to each company on or before April 1, 1980 and 1981, and shall indicate the assessed value of operating property, the mill rate applied in determining the taxes and the total amount of taxes due and payable. That amount shall be compared to the amount of gross earnings tax imposed under section 13 of this act. If the amount paid pursuant to section 13 is less than the amount computed in this section, the additional tax shall be payable to the commissioner and shall be deposited by him in the general fund of the state treasury. The provisions of section 279.01 pertaining to due dates and penalties for late payment of taxes for nonhomestead property shall be applicable to the taxes payable under this section. If the amount paid pursuant to section 13 exceeds the amount computed in this section, the commissioner shall refund the amount of excess within 60 days. The amounts necessary to make the refunds provided in this section are appropriated to the commissioner from the general fund in the state treasury.*

Sec. 12. Minnesota Statutes 1978, Section 272.02, Subdivision 1, is amended to read:

272.02 [EXEMPT PROPERTY.] Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity;
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;
- (9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the revenue commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county or city of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county or city thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) The taxpayer shall be exempted with respect to, all agri-

cultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1 (c), except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures. *Railroad docks and wharves which are part of the operating property of a railroad company as defined in section 1 of this article are not exempt.*

(12) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(13) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(14) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(15) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

Sec. 13. Minnesota Statutes 1978, Section 295.02, is amended to read:

295.02 [ANNUAL RETURN.] Every railroad company owning or operating any line of railroad situated within, or partly within, this state shall, annually, pay to the commissioner of revenue, in lieu of all taxes upon all property within this state owned or operated for railway purposes by such company, including equipment, appurtenances, appendages and franchises thereof, a sum of money equal to five two percent of the gross earnings derived from the operation of such line of railway within this state.

On or before September first, annually, each such railroad company shall file a true and just return of all such gross earnings for the six months ending June thirtieth, next preceding, and the tax of five *two* percent thereon shall become due and payable to the state of Minnesota, in manner provided by law, on September first.

On or before March first, annually, each such railroad company shall file a true and just return of all such gross earnings for the six months ending December thirty-first, next preceding, and tax of five *two* percent thereon shall become due and payable to the state of Minnesota, in manner provided by law, on March first. The payments of such sums at the times hereinbefore set forth shall be in full and in lieu of all other taxes upon the property and franchises so taxed.

Such returns shall be filed with the commissioner, in such form as he shall prescribe, and the provisions of chapter 294 and acts amendatory thereto, shall be applicable to such railroad companies and to the returns and the taxes submitted therewith by them.

The lands acquired by public grant shall be and remain exempt from taxation until sold or contracted to be sold or conveyed, as provided in the respective acts whereby such grants were made or recognized.

Sec. 14. Minnesota Statutes 1978, Sections 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; and 295.14 are repealed.

Sec. 15. Section 14 shall be effective beginning for taxable years after December 31, 1980. The remainder of this article shall be in effect for all years beginning after December 31, 1978.

ARTICLE XI

FEDERAL UPDATE

Section 1. Minnesota Statutes 1978, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "homeowners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended *through December 31, 1978.*

For each of the taxable years beginning after December 31, 1960 and prior to January 1, 1971, the term "gross income" in its application to individuals, estates, and trusts, shall mean the adjusted

gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through December 31, 1970 for the applicable taxable year, with the modifications specified in this section.

For each of the taxable years beginning after December 31, 1970, the term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1970, shall be in effect for taxable years beginning after December 31, 1970 and prior to January 1, 1973.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1972, shall be in effect for taxable years beginning after December 31, 1972.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1973, shall be in effect for taxable years beginning after December 31, 1973.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H.R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of chapter 290 at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for nonrecognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

(vi) *The Internal Revenue Code of 1954, as amended through December 31, 1978, shall be in effect for taxable years beginning after December 31, 1978. Those provisions of the Revenue Act of 1978, P.L. 95-600, allowance of partial rollovers of lump sum distributions provided in P.L. 95-458, and of the Tax Treatment Extension Act of 1977, P.L. 95-615, which affect federal adjusted gross income and which became effective for taxable years ending before January 1, 1979 shall become effective for purposes of chapter 290 at the same time they became effective for federal income tax purposes.*

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any such other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for such reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for such previous taxable year.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint or separate Minnesota income tax returns. In the case of separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1976 1978, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976 1978, that was previously allowed as a deduction either under section 290.01, subdivision 20

(b) (7) or under section 290.09, subdivision 24; and

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101; and

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, as amended through December 31, 1976 1978, if the nonprofit corporation is domiciled outside of Minnesota;

(13) Exempt-interest dividends, as defined in section 852(b) (5) (A) of the Internal Revenue Code of 1954, as amended through December 31, 1976 1978, not included in federal adjusted gross income pursuant to section 852(b) (5) (B) of the Internal Revenue Code of 1954, as amended through December 31, 1976 1978, except for that portion of such exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(14) The amount of any excluded gain realized *recognized* by a trust on the sale or exchange of property as defined in section 641(c) (1) of the Internal Revenue Code of 1954, as amended;

(15) An amount equal to one-sixth of any gain from the sale or other disposition of property deducted under sections 1202(a) and 1202(c) (1) of the Internal Revenue Code of 1954, as amended through December 31, 1978.

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to fifty per centum of such portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of such securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections

290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from such losses;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether such amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code of 1954, as amended through December 31, 1977 1978. The maximum amount of this subtraction shall be \$7,200 less the sum of (a) social security retirement benefits received during the taxable year, (b) railroad retirement benefits received during the taxable year, and (c) the amount by which the individual's federal adjusted gross income exceeds \$13,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be \$7,200 less the sum of social security retirement benefits and railroad retirement benefits; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$13,000;

(7) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976 1978, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later; and

(9) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed after December 31, 1977 and before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60.

(10) Wage or salary expense or program expenses disallowed

under the provisions of section 280C of the Internal Revenue Code of 1954 as amended through December 31, 1978 (relating to the jobs credit and to the WIN credit).

(c) Modifications affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954, or section 290.972 of this chapter.

(1) Shareholders in a small business corporation, which has elected to be so taxed under the Internal Revenue Code of 1954, but has not made an election under section 290.972 of this chapter, shall deduct from federal adjusted gross income the amount of any imputed income from such corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of such stock ownership. Also there shall be added to federal adjusted gross income the amount of any distributions in cash or property made by said corporation to its shareholders during the taxable year.

(2) In cases where the small business corporation has made an election under section 1372 of the Internal Revenue Code of 1954, but has not elected under section 290.972 of this chapter and said corporation is liquidated or the individual shareholder disposes of his stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, such shareholders shall be entitled, nevertheless, to a capital loss commensurate to their Minnesota basis for the stock.

(3) In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under section 290.972, of this chapter and at the close of the taxable year immediately preceding the effective election under section 290.972 the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that such reserve is distributed to shareholders such distribution shall be taxed as a dividend for purposes of this act.

Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that such amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1(2) in computing Minnesota inheritance tax liability shall not be allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have such amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 2. Minnesota Statutes 1978, Section 290.09, Subdivision 2, is amended to read:

Subd. 2. [TRADE OR BUSINESS EXPENSES; EXPENSE FOR PRODUCTION OF INCOME.] (a) In General. There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including

(1) A reasonable allowance for salaries or other compensation for personal services actually rendered;

(2) Traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and

(3) Rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity. For purposes of the preceding sentence, the place of residence of a member of congress within the state shall be considered his home, but amounts expended by such members within each taxable year for living expenses shall not be deductible for income tax purposes in excess of \$3,000.

(4) *Entertainment, amusement, or recreation expenses shall be allowed under this subdivision only to the extent that they qualify as a deduction under section 274 of the Internal Revenue Code of 1954, as amended through December 31, 1978.*

(b) Expenses for Production of Income. In the case of an individual, there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year.

(1) For the production or collection of income;

(2) For the management, conservation, or maintenance of property held for the production of income; or

(3) In connection with the determination, collection, or refund of any tax.

(c) Campaign expenditures in an amount not to exceed the limits set out in section 210A.22, not subsequently reimbursed, which have been personally paid by a candidate for public office if the candidate has complied with the expenditure limitations set out in section 210A.22:

(No deduction shall be allowed under this clause for any contribution or gift which would be allowable as a credit under section 290.21 were it not for the percentage limitations set forth in such section);

(d) All expense money paid by the legislature to legislators;

(e) The provisions of section 280A (disallowing certain expenses in connection with the business use of the home and rental of vacation homes) of the Internal Revenue Code of 1954, as amended through December 31, 1976 1978, shall be applicable in determining the availability of any deduction under this subdivision.

Sec. 3. Minnesota Statutes 1978, Section 290.09, Subdivision 28, is amended to read:

Subd. 28. [REAL ESTATE INVESTMENT TRUSTS; DEDUCTIBLE DIVIDENDS.] A "real estate investment trust," as defined in section 856 of the Internal Revenue Code of 1954, as amended through December 31, 1976 1978, and to which sections 856 to ~~858~~ 860 of the Code apply for the taxable year, may deduct its dividends paid to the extent permitted by section ~~857(b) (2)~~ ~~(C)~~ 857(b) (2) (B) of the Code, and its capital gains dividends paid as defined and limited by section ~~857(b) (3)~~ ~~(C)~~ of the Code. Such a trust and its shareholders and beneficiaries shall be subject to all of the provisions of sections 857 and 858 of the Code which are applicable under this chapter, in determining their respective taxable net incomes, provided that the excess amount determined and subjected to *available for the alternative tax* under section 857(b) (3) (A) (ii) of the Code shall be included in gross income subject to the deduction provided by section 290.16, subdivision 4.

Sec. 4. Minnesota Statutes 1978, Section 290.091, is amended to read:

290.091 [MINIMUM TAX ON PREFERENCE ITEMS.] (a) In addition to all other taxes imposed by chapter 290 there is hereby imposed for each taxable year ~~beginning after December 31, 1976,~~ a tax which, in the case of a resident individual, estate or trust, shall be equal to 40 percent of the amount of the taxpayer's minimum tax liability for tax preference items pursuant to the provisions of sections 56 55 to 58 and 443(d) of the Internal Revenue Code of 1954 as amended through December 31, 1976 1978 except that for purposes of the tax imposed by this section, excess itemized deductions as defined in section 57(b) shall not include any deduction taken for Minnesota income tax paid and capital gains as defined in section 57(a) of the Internal Revenue

Code shall not include that portion of any gain occasioned by sale, transfer or the granting of a perpetual easement pursuant to any eminent domain proceeding or threat thereof as described in section 290.13, subdivision 5. This modification shall apply to the years in which the gain or reduction in loss is actually included in federal adjusted gross income even though amounts received pursuant to the eminent domain proceedings were received in prior years. *In the case of a taxpayer other than a corporation, an amount equal to one-half of the net capital gain for the taxable year shall be used as the definition of capital gain in place of the deduction determined under section 1202 of the Internal Revenue Code.* In the case of a resident individual, estate or trust having preference items which could not be taken to reduce income from sources outside the state pursuant to section 290.17, subdivision 1, or any other taxpayer the tax shall equal 40 percent of that federal liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference item income allocated to this state pursuant to the provisions of sections 290.17, subdivision 1, to 290.20, and the denominator of which is the taxpayer's total preference item income for federal purposes.

The provisions of section 57 (a) (9) (A) and (D) of the Internal Revenue Code of 1954, as amended through December 31, 1978 shall be effective for the same time during 1978 that these provisions became effective for federal income tax purposes.

(b) In the case of a resident individual, estate or trust having preference items in taxable years beginning after December 31, 1976, and before January 1, 1978, which are not allocable to Minnesota under the provisions of sections 290.17 to 290.20 in effect for such years, the tax shall equal 40 percent of the taxpayer's federal minimum tax liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference items allocable to Minnesota under the provisions of sections 290.17 to 290.20 in effect for such years and the denominator of which is the taxpayer's total preference items for federal purposes.

Sec. 5. Minnesota Statutes 1978, Section 290.095, is amended by adding a subdivision to read:

Subd. 10. In the case of a taxpayer which has a product liability loss (as defined in section 172(i) of the Internal Revenue Code of 1954 as amended through December 31, 1978) for a taxable year beginning after September 30, 1979 (referred to as 'loss year'), the product liability loss shall be a net operating loss carryback to each of the 10 taxable years preceding the loss year.

Sec. 6. Minnesota Statutes 1978, Section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.] The basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

- (1) If the property should have been included in the last inven-

tory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by such last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause (4), the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by such person, be the fair market value of the property at the date of decedent's death.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedents' gross estate for Minnesota inheritance tax purposes. In such case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on such property before the death

of the decedent. Such basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities described in section 290.08; and property described in paragraphs (a), (b), (c) and (d) of this clause (4).

Clause (4) shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077. Nor shall it apply to restricted stock options described in section 290.078 which the employee has not exercised at death.

(5) If the property was acquired after December 31, 1932 upon an exchange described in section 290.13, subdivision 1, the basis shall be the same as in the case of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon such exchange under the law applicable to the year in which the exchange was made. If the property so acquired consisted in part of the type of property permitted by section 290.13, subdivision 1, to be received without the recognition of gain or loss, and in part of other property, the basis provided in this clause shall be allocated between the properties, other than money, received, and for the purpose of the allocation there shall be assigned to such other property an amount equivalent to its fair market value at the date of the exchange. This clause shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration, in whole or in part, for the transfer of the property to it;

(6) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as in the case of the stock or securities so sold or disposed of, increased by the excess of the repurchase price of such property over the sale price of such stock or securities, or decreased by the excess of the sale price of such stock or securities over the repurchase price of such property;

(7) If the property was acquired after December 31, 1932, as the result of a compulsory or involuntary conversion described in section 290.13, subdivision 5, the basis shall be the same as in the case of the property so converted, decreased in the amount of any money received by the taxpayer which was not expended in accordance with the provisions of law applicable to the year in which such conversion was made, determining the taxable status of the gain or loss upon such conversion, and increased in the amount of gain or decreased in the amount of loss to the taxpayer recognized upon such conversion under the law applicable to the year in which such conversion was made.

(8) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of such property, be increased or diminished on account of income derived by the lessor in respect of such property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of such property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of such property shall be properly adjusted for the amount so included in gross income.

(9) *The basis of property subject to the provisions of section 1034 of the Internal Revenue Code of 1954, as amended through December 31, 1978 (relating to the rollover of gain on sale of principal residence) shall be the same as the basis for federal income tax purposes. The basis shall be increased by the amount of gain realized on the sale of a principal residence outside of Minnesota, while a nonresident of this state, which gain was not recognized because of the provisions of section 1034.*

Sec. 7. Minnesota Statutes 1978, Section 290.26, Subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Contributions of an employer to an employee's trust or annuity plan and compensation under a deferred-payment plan or to a simplified employee pension shall be allowed as a deduction in accordance with the provisions of ~~Section~~ Sections 404 or 408(k) of the Internal Revenue Code of 1954, as amended through December 31, ~~1976~~ 1978 as adapted to the provisions of this act chapter under regulations rules issued by the commissioner of revenue.

Sec. 8. Minnesota Statutes 1978, Section 290.971, Subdivision 1, is amended to read:

290.971 [ELECTION OF CERTAIN SMALL BUSINESS CORPORATIONS AS TO TAXABLE STATUS; DEFINITIONS.] Subdivision 1. [SMALL BUSINESS CORPORATION.] For purposes of this chapter, the term "small business corporation" means a domestic corporation of the United States which is not a member of an affiliated group (as defined in section 1504 of the Internal Revenue Code of 1954, as amended through December 31, ~~1976~~ 1978) and which does not

(1) have ~~(except as provided in subdivision 5)~~ more than ten 15 shareholders;

(2) have as a shareholder a person (other than an estate and other than a trust described in subdivision 6) who is not an individual;

(3) have a nonresident alien as a shareholder; and

(4) have more than one class of stock, and has elected under the provisions of section 1372(a) of the Internal Revenue Code of 1954, as amended through December 31, ~~1976~~ 1978 to be taxed as a small business corporation under the provisions of said Internal Revenue Code of 1954, as amended through December 31, ~~1976~~ 1978.

Sec. 9. Minnesota Statutes 1978, Section 290.971, Subdivision 3, is amended to read:

Subd. 3. [STOCK OWNED BY HUSBAND AND WIFE.] For purposes of subdivision 1(1) stock which

(1) is community property of a husband and wife (or the income from which is community income) under the applicable community property law of a state; or

(2) is held by a husband and wife as joint tenants, tenants by the entirety, or tenants in common; or

(3) was, on the date of death of a spouse, stock described in paragraph (1) or (2), and is, by reason of such death, held by the estate of the deceased spouse and the surviving spouse, or by the estates of both spouses, (by reason of their deaths on the same date), in the same proportion as held by the spouses before such death; or

(4) was, on the date of the death of a surviving spouse, stock described in paragraph (3), and is, by reason of such death, held by the estates of both spouses in the same proportion as held by the spouses before their deaths, shall be treated as owned by one shareholder, a husband and wife (and their estates) shall be treated as one shareholder.

Sec. 10. Minnesota Statutes 1978, Section 290.971, Subdivision 6, is amended to read:

Subd. 6. [CERTAIN TRUSTS PERMITTED AS SHAREHOLDERS.] For purposes of subdivision 1, the following trusts may be shareholders:

(1) (a) A trust all of which is treated as owned by the grantor (who is an individual who is a citizen or resident of the United States) under sections 671 to 679 of the Internal Revenue Code of 1954, as amended through December 31, 1976 1978.

(b) A trust which was described in subparagraph (a) immediately before the death of the grantor and which continues in existence after such death, but only for the 60-day period beginning on the day of the grantor's death. If a trust is described in the preceding sentence and if the entire corpus of the trust is includable in the gross estate of the grantor, the preceding sentence shall be applied by substituting "2-year period" for "60-day period."

(2) A trust created primarily to exercise the voting power of stock transferred to it.

(3) Any trust with respect to stock transferred to it pursuant to the terms of a will, but only for the 60 day period beginning on the day on which such stock is transferred to it.

In the case of a trust described in paragraph (1), the grantor shall be treated as the shareholder.

In the case of a trust described in paragraph (2), each beneficiary of the trust shall, for the purposes of subdivision 1, paragraph (1), be treated as a shareholder.

Sec. 11. Minnesota Statutes 1978, Section 290.972, Subdivision 1, is amended to read:

290.972 [ELECTION BY SMALL BUSINESS CORPORATION.] Subdivision 1. [ELIGIBILITY.] Except as provided in subdivision 6 any small business corporation subject to the laws imposed by this chapter, and its shareholders may, in accordance with the provisions of this section, elect to have said corporation and its shareholders taxed as though said corporation were a partnership. Such election shall be valid only if all persons who are shareholders in such corporation *on the day on which such election is made.*

(1) *on the first day of the first taxable year for which such election is effective, if such election is made on or before such first day, or*

(2) *on the day on which the election is made, if the election is made after such first day,*

consent to such election.

Sec. 12. Minnesota Statutes 1978, Section 290.972, Subdivision 3, is amended to read:

Subd. 3. [WHERE AND HOW MADE.] (1) [IN GENERAL.] An election under subdivision 1 may be made by a small business corporation for any taxable year at any time during the *first month of such preceding taxable year, or at any time during the month preceding such first month first 75 days of the taxable year.* Such election shall be made in such manner as the commissioner shall prescribe by regulation.

(2) [TREATMENT OF CERTAIN LATE ELECTIONS.] *If*

(a) *a small business corporation makes an election under subdivision 1 for any taxable year, and*

(b) *such election is made after the first 75 days of the taxable year and on or before the last day of such taxable year, then such election shall be treated as made for the following taxable year.*

(3) *In case of sickness, absence, or other disability, or when in the judgment of the commissioner good cause exists, he may upon application extend the time for making the election under subdivision 1 for not more than twelve months following the close of the taxable year for which the election is sought; provided, however, that an application for an extension of time with respect to taxable years beginning after December 31, 1960 and prior to December 31, 1963 may be filed not later than December 31, 1965.*

Sec. 13. Minnesota Statutes 1978, Section 290.972, Subdivision 5, is amended to read:

Subd. 5. [TERMINATION.] (1) [NEW SHAREHOLDERS.] (A) An election under subdivision 1 made by a small business corporation shall terminate if any person who was not a shareholder in such corporation

(i) on the first day of the first taxable year of the corporation for which the election is effective, if such election is made on or before such first day, or

(ii) on the day on which the election is made, if such election is made after such first day,

becomes a shareholder in such corporation and affirmatively refuses to consent to such election on or before the 60th day after the day on which he acquires the stock.

(B) If the person acquiring the stock is the estate of a decedent, the period under subparagraph (A) for affirmatively refusing to consent to the election shall expire on the 60th day after whichever of the following is the earlier:

(i) The day on which the executor or administrator of the estate qualifies; or

(ii) The last day of the taxable year of the corporation in which the decedent died.

(C) Any termination of an election under subparagraph (A) by reason of the affirmative refusal of any person to consent to such election shall be effective for the taxable year of the corporation in which such person becomes a shareholder in the corporation and for all succeeding taxable years of the corporation. *or, if later, the first taxable year for which such election would otherwise have been effective, and for all succeeding taxable years of the corporation.*

(2) [REVOCAION.] An election under subdivision 1 made by a small business corporation may be revoked by it for any taxable year of the corporation after the first taxable year for which the election is effective. An election may be revoked only if all persons who are shareholders in the corporation on the day on which the revocation is made consent to the revocation. A revocation under this paragraph shall be effective

(A) for the taxable year in which made, if made before the close of the first month of such taxable year,

(B) for the taxable year following the taxable year in which made, if made after the close of such first month,

and for all succeeding taxable years of the corporation. Such revocation shall be made in such manner as the commissioner shall prescribe by regulation.

(3) [CEASES TO BE SMALL BUSINESS CORPORATION.] An election under subdivision 1 made by a small business corporation shall terminate if at any time

(A) after the first day of the first taxable year of the corporation for which the election is effective, if such election is made on or before such first day, or

(B) after the day on which the election is made, if such election is made after such first day,

the corporation ceases to be a small business corporation (as defined in section 290.971, subdivision 1). Such termination shall be effective for the taxable year of the corporation in which the corporation ceases to be a small business corporation and for all succeeding taxable years of the corporation.

(4) [FOREIGN INCOME.] An election under subdivision 1 made by a small business corporation shall terminate if for any taxable year of the corporation for which the election is in effect, such corporation derives more than 80 percent of its gross receipts from sources outside the United States. Such termination shall be effective for the taxable year of the corporation in which it derives more than 80 percent of its gross receipts from sources outside the United States, and for all succeeding taxable years of the corporation.

(5) [PASSIVE INVESTMENT INCOME.] (A) Except as provided in subparagraph (B), an election under subdivision 1 made by a small business corporation shall terminate if, for any taxable year of the corporation for which the election is in effect, such corporation has gross receipts more than 20 percent of which is passive investment income. Such termination shall be effective for the taxable year of the corporation in which it has gross receipts of such amount, and for all succeeding taxable years of the corporation.

(B) Subparagraph (A) shall not apply with respect to a taxable year in which a small business corporation has gross receipts more than 20 percent of which is passive investment income, if

(i) such taxable year is the first taxable year in which the corporation commenced the active conduct of any trade or business or the next succeeding taxable year; and

(ii) the amount of passive investment income for such taxable year is less than \$3,000.

(C) For purposes of this paragraph, the term "passive investment income" means gross receipts derived from royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities (gross receipts from such sales or exchanges being taken into account for purposes of this paragraph only to the extent of gains therefrom). Gross receipts derived from sales or exchanges of stock or securities for purposes of this paragraph shall not include amounts received by an electing small business corporation which are treated under section 331 of the Internal Revenue Code of 1954, as amended through December 31, 1976 (relating to corporate liquidations), as payments in exchange for stock where the electing small business corporation owned more than 50 percent of each class of the stock of the liquidating corporation.

Sec. 14. Minnesota Statutes 1978, Section 290A.03, Subdivision 3, is amended to read:

Subd. 3. [INCOME.] "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1976

1978; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a) (1), (a) (2), (a) (3), (a) (10), (a) (13), and (a) (14);

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends excluded from federal adjusted gross income under section 116 of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans disability pensions), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) gifts from nongovernmental sources;

(d) surplus food or other relief in kind supplied by a governmental agency; or

(e) relief granted under sections 273.012, subdivision 2 or 290A.01 to 290A.21; or

(f) federal adjusted gross income shall be reduced by the subtraction allowed in section 290.01, subdivision 20, clause (b) (10).

Sec. 15. [DIRECTION TO REVISOR.] *In the next and subsequent editions of Minnesota Statutes the revisor of statutes shall substitute the words "Internal Revenue Code of 1954, as amended through December 31, 1978" for the words "Internal Revenue Code of 1954, as amended through December 31, 1976" wherever such words occur in chapter 290, except section 290.01, subdivision 20.*

Sec. 16. [REPEALER.] *Minnesota Statutes 1978, Section 290.971, Subdivision 5 is repealed.*

Sec. 17. [EFFECTIVE DATE.] *The amendment made in section 1, clause (a) (15) is effective at the same time that the change became effective for federal income tax purposes during 1978.*

The rest of this article is effective for taxable years beginning after December 31, 1978, except as otherwise provided.

ARTICLE XII

PROPERTY TAX

Section 1. Minnesota Statutes 1978, Section 273.11, is amended to read:

273.11 [VALUATION OF PROPERTY.] Subdivision 1. Except as provided in subdivisions 2 and subdivision 6 or section 273.17, subdivision 1, all property shall be valued at its market value. 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 he adopt as a criterion of value the price for which such property would sell at auction or at a forced sale, or in the aggregate with all the property in the town or district; but he shall value each article or description of property by itself, and at such sum or price as he believes the same to be fairly worth in money. 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 assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under sections 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.

Subd. 2. (a) The assessor after determining the value of any property shall compare the value with that determined in the preceding assessment. Notwithstanding the provisions of section 273.17, the amount of the increase entered in the current assessment shall not exceed ten percent of the value in the preceding assessment or one fourth of the total amount of the increase in valuation whichever is greater; the excess shall be entered in a subsequent year or years; provided, however, that if the amount of the increase in market value is

(i) more than ten percent but no more than 20 percent, the excess shall be entered in the following year;

(ii) more than 20 percent but no more than 40 percent, ten percent shall be entered in each subsequent year until the amount remaining to be entered is less than 10 percent in which case the amount remaining will be entered in the next subsequent year; or

(iii) more than 40 percent, the excess shall be entered equally in the three subsequent years.

(b) In the case of property described in section 273.13, subdivisions 6, 7, 7b, 10, 12, 17, 17b and 19, plus all agricultural property and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes which was not subject to the five percent limitation in valuation increase for the 1973 or the 1974 assessment that was previously provided pursuant to Minnesota Statutes 1974, Section 273.11, Subdivision 2, the value to be used for levying the 1976 taxes payable in 1977 shall be set at the average percent of market value used for the respective class of property in the 1975 tax levies in its assessment district if the market value as determined by the assessor pursuant to section 273.11, subdivision 1 exceeds by more than ten percent the limited market value established for that class of property. Such property shall subsequently increase in value for property tax purposes as prescribed in clause (a).

Subd. 5. Notwithstanding any other provision of law to the contrary, the limitation contained in subdivisions *subdivision 1 to 5* shall also apply to the authority of the local board of review as provided in section 274.01, the county board of equalization as provided in section 274.13, and the state board of equalization and the commissioner of revenue as provided in section 270.11, 270.12 and 270.16; and any increase effected by these boards over the valuation currently being used in computing taxes shall be added to the previous assessed valuation in annual increments as provided in subdivision 2.

Subd. 6. For purposes of property taxation, the market value of real and personal property installed prior to January 1, 1984, which is a solar, wind, or agriculturally derived methane gas system used as a heating, cooling, or electric power source of a building or structure shall be excluded from the market value of that building or structure if the property is not used to provide energy for sale.

Sec. 2. Minnesota Statutes 1978, Section 273.122, is amended to read:

273.122 [FLEXIBLE HOMESTEAD BASE VALUE.] Subdivision 1. [HOMESTEAD BASE VALUE.] For ~~1975 and prior years~~ *the 1979 assessment*, the homestead base value shall mean ~~\$12,000~~ *\$30,000* of market value of any property *other than property assessed pursuant to section 273.13, subdivisions 6 and 6a* which qualifies as homestead property for assessment purposes. *For the 1979 assessment, the homestead base value shall mean \$50,000 of market value of any property assessed pursuant to section 273.13, subdivisions 6 and 6a which qualifies as homestead property for assessment purposes.* The homestead base value shall be increased in any subsequent assessment year as provided in subdivision 2.

Subd. 2. [HOMESTEAD BASE VALUE INDEX.] In assessment years subsequent to ~~1975~~ *1979*, the homestead base value shall be adjusted pursuant to the homestead base value index. The homestead base value index shall be computed by the equalization aid review committee for each year immediately preceding an assessment year. This index is computed in the following manner. The annual statewide average market value of homestead property as indicated by bona fide real estate sales during the year shall be divided by the statewide average market value of all homestead property sold in ~~1974~~ *1978*. This quotient is multiplied by 100. For each increase of a full three and one-half points in the index the homestead base value shall be increased ~~\$500~~ *\$1,000* in the following assessment year. On or before December 1 of any year preceding an assessment year the commissioner of revenue shall certify the homestead base value for that year.

Sec. 3. Minnesota Statutes 1978, Section 273.13, Subdivision 4, is amended to read:

Subd. 4. [CLASS 3.] (a) Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3c, all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3 and shall be valued and assessed at $33\frac{1}{3}$ percent of the market value thereof, except as provided in clause (b). Except as provided in subdivision 5a, all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use.

(b) For taxes ~~assessed~~ *levied* in ~~1977~~ *1979*, payable in ~~1978~~ *1980*

and subsequent years, agricultural land and real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at 31 25 percent of its market value, and for taxes assessed in 1978, payable in 1979 and thereafter, it shall be assessed at 30 percent of its market value.

Sec. 4. Minnesota Statutes 1978, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed at 10 15 percent of the market value thereof in 1977 1979, for taxes payable in 1978 1980, and at 16 percent thereafter *subsequent years*. The property tax to be paid on class 3b property as otherwise determined by law not exceeding 120 240 acres less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by 45 50 percent of the tax; provided that the amount of said reduction shall not exceed \$325 \$525. *Valuation subject to relief in 1977 for taxes payable in 1978 shall be limited to 120 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and, such other structures as may be included thereon utilized by the owner in an agricultural pursuit. For taxes levied in 1978 payable 1979 and subsequent years, Valuation subject to relief shall be limited to 160 240 acres of land, most contiguous surroundings, or bordering, or closest to the house occupied by the owner as his dwelling place, and such other structures as may be included thereon utilized by the owner in an agricultural pursuit. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be valued and assessed at 31 25 percent of its market value in 1977, 1979 for taxes payable in 1978, 1980 and at 30 percent thereafter subsequent years. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.*

Agricultural land as used herein, and in section 273.132, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

Sec. 5. Minnesota Statutes 1978, Section 273.13, Subdivision 6a, is amended to read:

Subd. 6a. [HOMESTEAD OWNED BY FAMILY FARM

CORPORATION OR PARTNERSHIP.] (a) Each family farm corporation and each partnership operating a family farm shall be entitled to class 3b assessment and shall be eligible for the credit provided in subdivision 6 for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Such a homestead shall not exceed 160 240 acres, and shall be assessed as provided in subdivision 6, notwithstanding the fact that legal title to the property may be in the name of the corporation or partnership and not in the name of the person residing thereon. "Family farm corporation" and "family farm" shall mean as defined in section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership shall also be assessed as class 3b property, and be entitled to the credit provided in subdivision 6, but the property eligible shall be limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and shall not include any other structures that may be located thereon.

Sec. 6. Minnesota Statutes 1978, Section 273.13, Subdivision 7, is amended to read:

Subd. 7. [CLASS 3C, 3CC.] All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed at 22 20 percent of the market value thereof in 1977, 1979 for taxes payable in 1978, 1980 and at 20 percent thereafter *subsequent years*. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by 45 50 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$325 \$525. If the market value is in excess of the sum of the homestead base value, the amount in excess of that sum shall be valued and assessed at 36 33- $\frac{1}{3}$ percent of market value in 1977, 1979 for taxes payable in 1978, 1980 and at 33- $\frac{1}{3}$ percent thereafter *subsequent years*. The first \$12,000 market value of each tract of such real estate use for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. Class 3cc property shall include only real estate which is used for the purposes of a homestead by (a) any blind person, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular

dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability; or (c) any person who: (1) is permanently and totally disabled and (2) is receiving (i) aid from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, or (v) aid under the federal railroad retirement act of 1937, 45 United States Code Annotated, Section 228b(a)5; which aid is at least 90 percent of the total income of such disabled person from all sources. Class 3cc property shall be valued and assessed at five percent of the market value thereof. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, for all purposes shall be reduced by 45 50 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$325 \$525. If the market value is in excess of the sum of \$28,000 \$30,000, the amount in excess of that sum shall be valued and assessed at 24 25 percent in 1977, 1979 for taxes payable in 1978 1980 and 30 percent thereafter *subsequent years*, in the case of agricultural land used for a homestead and 36 33-1/3 percent in the case of all other real estate used for a homestead for taxes payable in 1978 and 33-1/3 percent for taxes payable in 1979 1980 and subsequent years.

Sec. 7. Minnesota Statutes 1978, Section 273.13, Subdivision 14a, is amended to read:

Subd. 14a. [BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY OCCUPANT.] The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by 45 50 percent of the amount of the tax in respect of said value as otherwise determined by law, but not by more than \$325 \$525.

Sec. 8. Minnesota Statutes 1978, Section 273.132, is amended to read:

273.132 [STATE PAID AGRICULTURAL CREDIT.] The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of 15 mills on the property. The county auditor shall reduce the tax for school purposes on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but

not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten 12 mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

In 1977, payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this section. In 1978, payment shall be made pursuant to sections 124.212, subdivision 7b and 124.11, for the purpose of replacing revenue lost as a result of the reduction in property taxes provided in this section. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make these payments in fiscal year 1978. There is appropriated from the general fund in the state treasury to the department of education the amount necessary to make these payments in fiscal year 1979 and thereafter.

Sec. 9. Minnesota Statutes 1978, Section 273.17, Subdivision 1, is amended to read:

273.17 [ASSESSMENT OF REAL PROPERTY.] Subdivision 1. In every year, on January 2, the assessor shall also assess all real property that may have become subject to taxation since the last previous assessment, including all real property platted since the last real estate assessment, and all buildings or other structures of any kind, whether completed or in process of construction, of over \$1,000 in value, the value of which has not been previously added to or included in the valuation of the land on which they have been erected. The newly assessed property shall be valued initially at a value not exceeding the average percent of market value used in the tax levies for its respective class of property in its assessment district if the market value as determined by the assessor pursuant to section 273.11, subdivision 1 exceeds by more than ten percent the limited market value established for that class of property. The assessment shall be increased to market value in annual increments as provided in section 273.11, subdivision 2 until such time as the property is reassessed. He shall make return thereof to the county auditor, with his return of personal property, showing the tract or lot on which each structure has been erected and the market value added thereto by such erection. Every assessor shall list, without revaluing, in each year, on a form to be prescribed by the commissioner of revenue, all parcels of land that shall have become homesteads or shall have ceased to be homesteads for taxation purposes since the last real estate assessment, and other parcels of land when the use of the land requires a change in classification or the land has been incorrectly classified in a previous assessment.

The county auditor shall note such change in the assessed valuation upon the tax lists, caused by a change in classification, and shall calculate the taxes for such year on such changed valuation. In case of the destruction by fire, flood, or otherwise of any building or structure, over \$100 in value, which has been erected previous to the last valuation of the land on which it stood, or the value of which has been added to any former valuation, the assessor shall determine, as nearly as practicable, how much less such land would sell for at private sale in consequence of such destruction, and make return thereof to the auditor.

Sec. 10. Minnesota Statutes 1978, Section 290A.03, Subdivision 3, is amended to read:

Subd. 3. [INCOME.] "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1976; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a) (1), (a) (2), (a) (3), (a) (10), (a) (13), and (a) (14);

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends excluded from federal adjusted gross income under section 116 of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans disability pensions), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) gifts from nongovernmental sources;

(d) surplus food or other relief in kind supplied by a governmental agency; or

(e) relief granted under sections 273.012, subdivision 2 or 290A.01 to 290A.21 ; or

(f) child support payments received under a temporary or final decree of dissolution or legal separation.

Sec. 11. Minnesota Statutes 1978, Section 290A.03, Subdivision 11, is amended to read:

Subd. 11. [RENT CONSTITUTING PROPERTY TAXES.] "Rent constituting property taxes" means ~~22~~ 23 percent of the gross rent actually paid in cash, or its equivalent, or that portion of gross rent which is paid in lieu of property taxes, in ~~1977~~ 1979 or any subsequent calendar year by a claimant solely for the right of occupancy of his Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under sections 290A.01 to 290A.21 by the claimant.

Sec. 12. Minnesota Statutes 1978, Section 290A.04, Subdivision 2, is amended to read:

Subd. 2. The refund shall be paid to claimants whose property taxes payable exceed the following percentages of their income, up to the designated maximum credit amounts:

For claimants earning:

\$0 to ~~\$2,000~~ \$3,599, 0.5 percent, up to \$475;

3,000 3,600 to ~~3,999~~ 4,799, 0.6 percent, up to \$475;

4,000 4,800 to ~~4,999~~ 5,999, 0.7 percent, up to \$475;

5,000 6,000 to ~~5,999~~ 7,199, 0.8 percent, up to \$475;

6,000 7,200 to ~~6,999~~ 8,399, 0.9 percent, up to \$475;

7,000 8,400 to ~~7,999~~ 9,599, 1.0 percent, up to \$475;

8,000 9,600 to ~~8,999~~ 10,799, 1.1 percent up to \$475;

9,000 10,800 to ~~9,999~~ 11,999, 1.2 percent, up to \$475;

10,000 12,000 to ~~10,999~~ 13,199, 1.3 percent, up to \$475;

11,000 13,200 to ~~11,999~~ 14,399, 1.4 percent, up to \$475;

12,000 14,400 to ~~19,999~~ 23,999, 1.5 percent, up to \$475;

20,000 24,000 to ~~22,999~~ 27,599, 1.6 percent, up to \$475;

~~23,000~~ 27,600 to ~~\$25,000~~ 31,199, 1.8 percent, up to \$425;
~~26,000~~ 31,200 to ~~30,000~~ 37,199, 2.0 percent, up to \$375;
~~31,000~~ 37,200 to ~~35,000~~ 43,199, 2.2 percent, up to \$350;
~~36,000~~ 43,200 to ~~40,000~~ 49,199, 2.4 percent, up to \$325;
~~41,000~~ 49,200 to ~~44,000~~ 53,999, 2.6 percent, up to \$325;
~~45,000~~ 54,000 to ~~52,000~~ 63,599, 2.8 percent, up to \$325;
~~53,000~~ 63,600 to ~~65,000~~ 79,199, 3.0 percent, up to \$325;
~~66,000~~ 79,200 to ~~81,000~~ 98,399, 3.2 percent, up to \$325;
~~82,000~~ 98,400 to ~~99,000~~ 119,999, 3.5 percent, up to \$325;
~~100,000~~ 120,000 and over, 4.0 percent, up to \$325;

provided that maximum credits for incomes above \$20,000 \$24,000 decline according to the following schedule:

between ~~\$20,000~~ \$24,000 and ~~\$26,000~~ \$31,000 decline ~~\$16.67~~
~~\$13.89~~ per \$1,000; between ~~\$26,000~~ \$31,200 and ~~\$36,000~~ \$43,200
 decline ~~\$5~~ \$4.17 per \$1,000.

The payment made to a claimant shall be the amount of refund calculated pursuant to this subdivision, but not exceeding \$675, less the homestead credit given pursuant to section 273.13, subdivisions 6 and 7.

Sec. 13. Minnesota Statutes 1978, Section 290A.04, Subdivision 2a, is amended to read:

Subd. 2a. An additional refund shall be allowed each claimant who was not disabled or who had not attained the age of 65 by June 1 of the year in which the taxes were payable and whose claim is based on taxes paid on the home he owns in an amount equal to 35 50 percent of the amount by which property taxes payable and rent constituting property taxes exceed the sum of (a) the refund calculated pursuant to subdivision 2 and (b) the percentage of the claimant's household income specified in subdivision 2. The sum of the refunds provided in subdivision 2 and this subdivision shall not exceed the maximum amounts provided below.

For claimants earning:

~~\$0 to 10,000~~ 23,999, up to ~~\$300~~ \$1,100;
~~20,000~~ 24,000 to ~~25,000~~ 43,199, up to \$800 \$1,100;
~~26,000 to 35,000~~, up to \$650;
~~36,000~~ 43,200 and over, up to \$325;

provided that maximum refunds for incomes above \$20,000 \$24,000 decline according to the following schedule:

between ~~\$20,000~~ \$24,000 and ~~\$26,000~~ \$43,200 decline ~~\$25~~ \$40.36
 per \$1,000; between ~~\$26,000~~ and ~~\$36,000~~ decline ~~\$32.50~~ per \$1,000.

A claimant who owns his own homestead part of the year and rents part of the year may add his rent constituting property taxes to the qualifying tax on his homestead and receive the additional refund provided in subdivision 2a.

Sec. 14. Minnesota Statutes 1978, Section 290A.04, Subdivision 2b, is amended to read:

Subd. 2b. An additional refund shall be allowed each claimant who is disabled or has attained the age of 65 by June 1 of the year in which the taxes were payable in an amount equal to 50 percent of the amount by which property taxes payable or rent constituting property taxes exceed the sum of (a) the refund calculated pursuant to subdivision 2 and (b) the percentage of the claimant's household income specified in subdivision 2. The sum of the refunds provided in subdivision 2 and this subdivision shall not exceed the maximum amounts provided below.

For claimants earning:

~~\$0 to \$10,000~~ 23,999, up to ~~\$800~~ \$1,000;

~~20,000~~ 24,000 to ~~22,000~~ 43,199, up to ~~\$800~~ \$1,000;

~~23,000 to 25,000~~, up to 763;

~~26,000 to 35,000~~, up to \$725;

~~36,000~~ 43,200 and over, up to \$525;

provided that maximum refunds for incomes above ~~\$20,000~~ \$24,000 decline according to the following schedule:

~~between \$20,000~~ \$24,000 and ~~\$26,000~~ \$43,200 decline ~~\$12.50~~ \$3.00 per \$1,000; ~~between \$26,000~~ and ~~\$36,000~~ decline ~~\$20~~ per ~~\$1,000~~ \$100.

In the case of a claimant who was disabled on or before June 1 or who attained the age of 65 on the date specified in subdivision 1, the refund shall not be less than the refund which the claimant's household income as defined in section 290A.03 and property tax or rent constituting property tax would have entitled him to receive under Minnesota Statutes 1974, Section 290.0618.

Sec. 15. Minnesota Statutes 1978, Section 290A.04, Subdivision 3, is amended to read:

Subd. 3. The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the property taxes to be paid and credit allowed at various levels of income and assessment. The table shall follow the schedule of income percentage, maximums and other provisions specified in ~~subdivision~~ subdivisions 2, 2a, 2b, and 2c, except that the commissioner may graduate the transition between income brackets.

For homestead property owners who are disabled or are 65 or older, as provided in subdivision 1, the commissioner shall base his determination of the credit on the gross qualifying tax reduced by the average statewide effective homestead credit percentage for taxes payable in 1975 calculated under section 273.13, subdivisions 6 and 7.

Sec. 16. Minnesota Statutes 1978, Section 290A.04, is amended by adding a subdivision to read:

Subd. 2c. [INFLATION ADJUSTMENT.] For claims based on property taxes payable in 1982 and rent constituting property taxes paid in 1981 and thereafter, the income amounts in subdivisions 2, 2a, and 2b shall be adjusted for inflation. The commissioner of revenue shall determine and announce by September 1, 1981, the percentage increase from June, 1980, to June, 1981, in the revised all urban consumer price index for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The income amounts in subdivisions 2, 2a and 2b shall be increased by that percentage rounded to the nearest dollar to produce the inflation adjusted income amounts which shall be allowed under this subdivision for claims based on property taxes payable in 1982 and rent constituting property taxes in 1981.

The commissioner of revenue shall determine and announce by September 1, 1982, and each succeeding year, the percentage increase from June, 1981, to June, 1982, in the revised all urban consumer price index for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The income amounts in subdivisions 2, 2a and 2b, as adjusted the previous year, shall be increased by that percentage rounded to the nearest dollar to produce the inflation adjusted income amounts for claims based on property taxes payable in 1983 and rent constituting property taxes paid in 1982 and each succeeding year.

Sec. 17. Minnesota Statutes 1978, Section 290A.04, is amended by adding a subdivision to read:

Subd. 2d. If the net property taxes payable on a homestead in each of the years 1980 and 1981 increase more than ten percent over the net property taxes payable the preceding year, a claimant who is a homeowner shall be allowed an additional refund equal to 50 percent of the amount by which the increase exceeds 10 percent, up to a maximum additional refund of \$200. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead.

For purposes of this subdivision, "net property taxes payable" means property taxes payable after reductions made pursuant to section 273.13, subdivisions 6, 7 and 14a, and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivisions 2, 2a and 2b.

In addition to proofs required pursuant to chapter 290A, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax refund return from the preceding year, together with a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

Sec. 18. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of revenue the amounts necessary to make the payments provided in section 17.*

Sec. 19. [EFFECTIVE DATES.] Sections 1 to 9 are effective for taxes levied in 1979, and subsequent years, payable in 1980 and subsequent years. Section 10 is effective for low income credits claimed for taxable years beginning after December 31, 1977 and for property tax refund claims based on rent paid in 1978 and property taxes payable in 1977. Sections 11 to 14 are effective for claims based on property taxes payable in 1980 and subsequent years and rent paid for occupancy only in 1979 and subsequent years. Section 16 is effective for claims based on property taxes payable in 1982 and subsequent years and rent paid for occupancy only in 1981 and subsequent years. Section 17 is effective only for property tax refunds based on the property taxes payable in 1980 and 1981.

ARTICLE XIII

LEVY LIMITS

Section 1. Minnesota Statutes 1978, Section 275.11, Subdivision 2, is amended to read:

Subd. 2. In any city or statutory or home rule charter city, except those organized according to Chapter 8, Laws of 1895, in addition to the levy provided for in subdivision 1, an additional levy may be made for general and special fund purposes as herein provided:

If the Revised Consumer Price Index, as published by the United States Department of Labor, Bureau of Labor Statistics, for the city of Minneapolis (or if no such index is published for the city of Minneapolis, for the nearest city to Minneapolis for which such index is published), as of December 15 of any year (or for the date nearest to December 15 if no such index is published as of December 15), shall be above 102 (using the average for the years 1947-1949 as a base), the maximum levy limit shall, subject to the restrictions of this subdivision, be increased by 3½ percent for each of the first 6 points that said index may be increased and by one percent for each additional point increased above 6. A fractional point increase shall be disregarded if less than one-half point and treated as one point if one-half point, or more. In any city where more than 25 percent of the assessed valuation consists of iron ore and in any statutory city, the levy permitted by this paragraph shall be in addition to any statutory or charter limitations. In any other city, the levy authorized by this paragraph shall be made within charter limitations.

Sec. 2. Minnesota Statutes 1978, Section 275.50, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1977 1978 payable in 1978 1979 and thereafter, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action,

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

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

(c) pay the costs to a governmental subdivision for their minimum required share of any program otherwise authorized by law, including the administrative costs of social services but not administrative costs of public assistance programs or of county welfare systems, for which matching funds have been appropriated by the state of Minnesota or the United States, but only to the extent that the costs to the governmental subdivision for the program exceed those expended in calendar year 1970, subject to rules promulgated by the commissioner of revenue pursuant to the administrative procedures act. Amounts levied pursuant to this clause which are in excess of the amount necessary to meet the minimum required share of a program shall be deducted from the general levy made in the following year;

(d) pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law;

(e) pay the costs of principal and interest on bonded indebtedness, or, effective for taxes levied in 1973 and years thereafter, to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

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

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

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

(i) pay the amounts required to compensate for a decrease in revenues from public service enterprises, municipal liquor stores, licenses, permits, fines and forfeits and no other, to the extent that the aggregate of revenues from these sources in the calendar year preceding the year of levy are less than the aggregate of revenues from these sources in calendar year 1971. "Revenues" from a public service enterprise or a municipal liquor store shall mean the net income or loss of such public service enterprise or municipal liquor store, determined by subtracting total expenses from total revenues, and before any contribution to or from the governmental subdivision. "Fines" for a municipal court means the net amount remaining after subtracting total municipal court expenses from total collections of municipal court fines. A governmental subdivision shall qualify for this special levy only if the decrease in aggregate revenues as computed herein and divided by the population of the governmental subdivision in the preceding levy year is equal to or greater than two percent of the per capita levy limitation for the preceding levy year;

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

(k) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission in levy year 1971 or a subsequent levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(l) pay 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;

(m) pay the increased cost of municipal services as the result of an annexation or consolidation ordered by the Minnesota municipal board in levy year 1971 or a subsequent levy year, but only to the extent and for the levy years as provided by the board in its order pursuant to section 414.01, subdivision 15. Special levies authorized by the board shall not exceed 50 percent of the levy

limit base of the governmental subdivision and may not be in effect for more than three years after the board's order;

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

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

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

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

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

(p) pay amounts required by law to be paid to reduce unfunded accrued liability of public pension funds, including interest thereon, in accordance with the actuarial standards and guidelines specified in sections 69.71 to 69.776 and 356.215 reduced for levy year 1977 and subsequent years 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 unfunded accrued liability of public pension funds;

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

(r) *pay reasonable and necessary expenses incurred in preventing, preparing for or repairing the effects of a natural disaster. For purposes of this clause, "natural disaster" means the occurrence of or the threat of an occurrence of widespread or severe property damage, injury or loss of life resulting from natural causes, limited to fire, flood, earthquake, windstorm, wave action, oil spill, or other water contamination requiring action to avert danger or damage, volcanic activity, drought or air contamination. The emergency services division of the department of public safety shall formulate standards defining the level of property damage, injury or loss of life that has occurred or that would occur if preventive action were not taken, which will be deemed a natural disaster;*

(s) *pay the cost of complying with a law enacted by the 1971 or a subsequent legislature that directly requires a new or altered activity of the government after levy year 1977, taxes payable in 1978, but only to the extent of the increased cost of the activity resulting from legislatively mandated changes initially effective after levy year 1977, taxes payable in 1978; and*

(t) *pay the cost of complying with the social security amendments of 1977, Pub. L. 95-216, 91 Stat. 1509, but only to the extent of the resulting increased social security costs after levy year 1977, taxes payable in 1978.*

Sec. 3. Minnesota Statutes 1978, Section 275.50, Subdivision 6, is amended to read:

Subd. 6. The cost to a governmental unit of implementing section 18.023, including sanitation and reforestation, as defined in section 18.023, subdivision 1, is a "special levy" and is not subject to tax levy limitations including those contained in sections 275.50 to 275.56 and in Laws 1969, Chapter 593, as amended by Laws 1974, Chapter 108, commencing with the levy made in 1976, payable in 1977, and terminating with the levy made in 1978 1980, payable in 1979 1981. A governmental subdivision may make a supplementary levy in 1977, payable in 1978, for all costs of implementing section 18.023 incurred in calendar year 1977 for which a levy was not made in 1976, payable in 1977. For the purpose of calculating the tax levy limit base under section 275.51, for levy year 1977, taxes payable 1978, there shall be subtracted from the levy limit base of any governmental subdivision an amount equal to 112 percent of the amount levied under section 18.023 in levy year 1974, taxes payable 1975, and included in the levy limit base of the governmental subdivision as a result of Laws 1976, Chapter 437.

Sec. 4. Minnesota Statutes 1978, Section 275.51, is amended by adding a subdivision to read:

Subd. 3e. The property tax levy limitation for governmental subdivisions in 1979 payable in 1980 and subsequent years shall be calculated as follows:

(a) The sum of the following amounts shall be computed:

(1) the property tax permitted to be levied in 1978 payable 1979 computed pursuant to Minnesota Statutes 1978, Section 275.51, Subdivision 3d, plus

(2) the amount of any state aids the governmental subdivision was entitled to receive in calendar year 1979 pursuant to sections 477A.01; 298.26; 298.28, subdivisions 1 and 1a; 298.281, subdivision 1; 298.282; and 294.26, plus

(3) one-half of the amount of the special levy authorized under section 275.50, subdivision 5, clause (i) shall be added to the permanent levy limit base of the governmental subdivision in the year following the year in which it has been discontinued as a special levy pursuant to the provisions of section 275.50, subdivision 5, clause (i).

(b) The sum computed in clause (a) shall be increased annually in the manner provided in section 275.52 to derive the levy limit base for successive years.

(c) For taxes levied in 1980 payable 1981 and subsequent years, the levy limit base is the levy limit base which was computed for the immediately preceding year under the provisions of this section increased according to the provisions of section 275.52. Any amount levied in 1976 payable 1977 under the provisions of section 275.50, subdivision 5, clauses (a), (c), (e) or (f) of the 1976 edition of Minnesota Statutes, to meet the costs of programs, services or legal requirements which cease to exist in a subsequent year shall be subtracted from the levy limit base in the year in which the programs, services or legal requirements for which the levy was made cease to exist.

(d) The levy limit base shall be reduced by the total amount of state formula aids pursuant to section 477A.01 and taconite taxes and aids pursuant to sections 294.26; 298.26; 298.28, subdivision 1; and 298.282, to be paid in the calendar year in which property taxes are payable. As provided in section 298.28, subdivision 1, for taxes payable in 1980 and thereafter, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4)(c) shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

Sec. 5. Minnesota Statutes 1978, Section 275.52, Subdivision 2, is amended to read:

Subd. 2. The levy limit base, as adjusted for previous increases pursuant to this section, may be increased each year by the governing body of the governmental subdivision affected thereby in the amount not to exceed ~~six~~ eight percent of the previous year's levy limit base *for levy years 1978 and 1979 and in an amount not to exceed six percent of the previous year's base for subsequent years.*

Sec. 6. Minnesota Statutes 1978, Section 275.52, Subdivision 5, is amended to read:

Subd. 5. For taxes levied in ~~1977~~ 1979 payable in ~~1978~~ 1980 or for taxes levied in ~~1978~~ 1980 payable in ~~1979~~ 1981 a city other than a city of the first class, town, or county not containing a city of the first class which, in the preceding levy year, levied at least 98 percent of its total limited levy amount, may determine to levy in excess of the limitation provided in sections 275.50 to 275.56 by not to exceed 10 percent of its levy limit base by passing a resolution setting forth the amount by which the levy limit is proposed to be exceeded. The resolution shall be published for four successive weeks in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation therein, together with a notice fixing a date for a public hearing on the proposed increase which hearing shall be held not less than four weeks nor more than six weeks after the first publication of the resolution. Following the public hearing, the governing body may determine to take no further action, or in the alternative, adopt a resolution authorizing the levy as originally proposed, or adopt a resolution approving a levy in such lesser amount as it so determines. The resolution shall be published in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation therein. If within 30 days thereafter, a petition signed by voters equal in number to five percent of the votes cast in the governmental subdivision in the last general election or 2,000 voters, whichever is less, requesting a referendum on the proposed resolution is filed with the clerk or recorder of the governmental subdivision if the governmental subdivision is a city or town, or with the county auditor if the governmental subdivision is a county, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at any such referendum. A levy increased pursuant to this subdivision, whether not challenged or approved at a referendum held at a special or general election held prior to October 1 in any levy year, increases the allowable levy in that same levy year and provides a permanent adjustment to the levy limit base of the governmental subdivision for future levy years. There shall be no reduction in distributions of formula aids to the governmental subdivision as a result of the additional levy.

Sec. 7. [REPEALER.] *Minnesota Statutes 1978, Section 275.51, Subdivision 3d, is repealed.*

ARTICLE XIV
LOCAL GOVERNMENT AIDS

Section 1. Minnesota Statutes 1978, Section 477A.01, Subdivision 1, is amended to read:

477A.01 [LOCAL GOVERNMENT AID.] Subdivision 1. The state shall distribute ~~\$52~~ \$64 for each person residing in the territory comprising each county for the calendar year ~~1978~~ 1980 and ~~\$50~~ \$70 for calendar year ~~1979~~ 1981 to the several taxing authorities, except school districts, with authority to impose taxes on property located in the county's territory. For purposes of this subdivision the number of persons residing in a county shall be the 1970 federal census population. For the purposes of subdivisions 1, 3, 4, 4a and 4b, the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, excluding the city of New Prague, and Washington shall be considered a single county. That portion of the city of New Prague which is in Scott county shall be treated as if it is in LeSueur county.

Sec. 2. Minnesota Statutes 1978, Section 477A.01, Subdivision 4, is amended to read:

Subd. 4. The balance of the distributions in ~~1978~~ 1980 pursuant to subdivision 1, shall be divided among the several cities and towns in the county's territory in the proportion that the product of

the city or town's 1970 federal census population or the average of the city's or town's 1970 federal census population and its current population as determined under the provisions of section 275.53, whichever is greater; times

(a) In the case of a city or town outside the metropolitan area as defined in section 473.121, subdivision 2, or a city other than a city of the first class or town inside the metropolitan area, the sum of its average city or town mill rate for the three immediately preceding years divided by three; or

(b) In the case of a first class city located within the metropolitan area, the sum of (i) 60 percent of the dollar amount of its levy limitation and its special levies plus (ii) 40 percent of the dollar amount of its actual levy, divided by its taxable value adjusted for the contributions and distribution required by chapter 473F, for each of the three immediately preceding years divided by three, times

its city or town ~~1976~~ 1978 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory.

The balance of the distributions in ~~1979~~ 1981 pursuant to subdivision 1 shall be divided among the several cities and towns in the county's territory in the proportion that the product of

the city or town's 1970 federal census population or the average of the city's or town's 1970 federal census population and its current

population as determined under the provisions of section 275.53, whichever is greater; times

(a) In the case of a city or town outside the metropolitan area as defined in section 473.121, subdivision 2, or a city other than a city of the first class or town inside the metropolitan area, the sum of its average city or town mill rate for the three immediately preceding years divided by three; or

(b) In the case of a first class city located within the metropolitan area, the sum of (i) 60 percent of the dollar amount of its levy limitation and its special levies plus (ii) 40 percent of the dollar amount of its actual levy, divided by its taxable value adjusted for the contributions and distribution required by chapter 473F, for each of the three immediately preceding years divided by three, times

its city or town ~~1977~~ 1979 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory.

Sec. 3. [EFFECTIVE DATE.] *This article is effective the day following final enactment.*

ARTICLE XV

PUBLIC LANDS ALLOWANCE

Section 1. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.311] [PUBLIC LANDS ALLOWANCE.] *Subdivision 1. Each year on September 1, the state shall pay to any district where 40 percent or more of the total land area is owned by the state, an amount equal to one dollar for each acre of land owned by the state in the district as of January 1 of the calendar year in which the payment is made.*

For purposes of this section, "land owned by the state" shall not include tax forfeited land held by the state in trust in favor of school districts, towns, cities, counties or other taxing districts.

Subd. 2. In no case shall the payment authorized in subdivision 1 in a given fiscal year be greater than an amount equal to 20 mills times the 1977 adjusted assessed valuation of the district.

Subd. 3. The payment pursuant to this section in any fiscal year shall be reduced by the amount of any payments received by the district in the preceding fiscal year under any law distributing proceeds in lieu of ad valorem tax assessments on copper, nickel or uranium properties.

Subd. 4. In any district receiving a payment under the provisions of this section, the maximum permissible levy authorized by section 275.125, subdivision 2a, shall be reduced by the amount of the payment received in the year in which the levy is certified.

Subd. 5. Payments received pursuant to the provisions of this section shall be deposited in the district's debt service fund and

shall be recognized as revenue and reported on the district books of account in the same manner as the taxes collected by the levy certified in the year in which the payment is received. Payments shall not exceed 75 percent of the total debt service levy for each year.

Subd. 6. For purposes of computing payments pursuant to this section, the commissioner shall consult with the state planning agency to determine in which school districts state owned land may be 40 percent or more of the total land area of the district. If the information the commissioner obtains is insufficient to determine if a particular district qualifies for aid under this section, the commissioner may require that the auditor of any county which has land within the district certify to the commissioner the data the commissioner may require to administer this section.

An auditor who is required to submit data under this section may bill the school district for which the auditor submits the data for the costs incurred in providing the data.

Sec. 2. [APPROPRIATION.] The sum of \$685,000 is appropriated from the general fund to the department of education for the purpose of making the payments pursuant to section 1 for each year in the biennium ending July 1, 1981.

ARTICLE XVI

SALES TAX

Section 1. Minnesota Statutes 1978, Section 297A.01, is amended by adding a subdivision to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" shall include machinery for the preparation, seeding or cultivation of soil for growing agricultural crops, harvesting and threshing of agricultural products, and certain machinery for dairy, livestock and poultry farms, together with barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations. Irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property, shall be included in the definition of farm machinery. Repair or replacement parts for farm machinery shall 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 required to be registered under chapter 297B, snowmobiles, snow blowers, lawn mowers, garden-type tractors or

garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 2. Minnesota Statutes 1978, Section 297A.02, is amended to read:

297A.02 [IMPOSITION OF TAX.] Except as otherwise provided in Extra Session Laws 1971, Chapter 31, Article 1, there is hereby imposed an excise tax of four percent of the gross receipts from sales at retail, as hereinbefore defined, made by any person in this state after October 31, 1971.

Notwithstanding the foregoing, the tax imposed hereby upon sales at retail through coin-operated vending machines shall be three percent of the gross receipts of such sales, *and the tax imposed upon sales at retail of farm machinery shall be two percent of the gross receipts from such sales.*

Sec. 3. Minnesota Statutes 1978, Section 297A.14, is amended to read:

297A.14 [USING, STORING OR CONSUMING TANGIBLE PERSONAL PROPERTY; ADMISSIONS; UTILITIES.] For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, there is hereby imposed on every person in this state a use tax at the rate of four percent, *or two percent in the case of farm machinery*, of the sales price of sales at retail of any of the aforementioned items made to such person after October 31, 1971, unless the tax imposed by section 297A.02 was paid on said sales price.

Motor vehicles subject to tax under this section shall be taxed at the fair market value at the time of transport into Minnesota if such motor vehicles were acquired more than three months prior to its transport into this state.

~~Notwithstanding any other provisions of sections 297A.01 to 297A.44 to the contrary, the cost of paper and ink products exceeding \$100,000 in any calendar year, used or consumed in producing a publication as defined in section 297A.25, subdivision 1, clause (i) is subject to the tax imposed by this section.~~

Sec. 4. Minnesota Statutes 1978, Section 297A.24, is amended to read:

297.24 [TAXES IN OTHER STATES.] 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 and the rate by which the previous tax was computed. If such tax imposed in such other

state was ~~four percent~~ *at the rate set in section 297A.14* or more, then no tax shall be due from such person under section 297A.14.

Sec. 5. Minnesota Statutes 1978, Section 297A.25, Subdivision 1, is amended to read:

297A.25 [EXEMPTIONS.] Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(e) The gross receipts from the sale of packing materials used to pack and ship household goods, the ultimate destination of which is outside the state of Minnesota and which are not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been

imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property ~~(except as provided in section 297A.14)~~ which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, Section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. Machinery, equipment, implement, tool, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions.

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

(m) The gross receipts from sales of airflight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airflight equipment, and flight simulators.

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the ma-

terial of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or *association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders;*

(q) The gross receipts from the sale of caskets and burial vaults;

(r) The gross receipts from the sale of cigarettes.

(s) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, Section 1901, as amended.

(t) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect.

(u) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, Sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in Title 38 United States Code, Chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.

(v) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25.

(w) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring

outside the state by the purchaser for use thereafter solely outside the state of Minnesota.

(x) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April.

(y) *The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:*

(i) *the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1978; and,*

(ii) *the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses.*

(z) *The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by a county agricultural society incorporated pursuant to section 38.01 to be used for the purposes of sections 38.01 to 38.28.*

Sec. 6. [EFFECTIVE DATE.] *Sections 1, 2, 4 and the provisions in section 3 relating to farm machinery are effective for sales made after December 31, 1977. Section 5 and the provision in section 3 deleting the reference to paper and ink products are effective for sales made the day following final enactment.*

ARTICLE XVII

INHERITANCE TAX

Section 1. Minnesota Statutes 1978, Section 291.005, Subdivision 1, is amended to read:

291.005 [DEFINITIONS.] Subdivision 1. Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Probate assets" means and includes property owned by a decedent at the time of his death required by section 524.3-706 to be listed on a personal representative's inventory and appraisal.

(2) "Non-probate assets" means and includes all property of every kind transferred from a decedent or at or by reason of the decedent's death which is subject to the inheritance tax imposed by this chapter (without regard to deductions or exemptions) and which does not consist of probate assets.

(1) "Federal gross estate" means the gross estate of a decedent as determined for federal estate tax purposes pursuant to the provisions of the Internal Revenue Code.

(2) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of such property and the Minnesota estate tax due with respect to such property.

(3) "Resident decedent" means an individual whose residence at the time of his death was in Minnesota.

(4) "Nonresident decedent" means an individual who at the time of his death was not a resident of Minnesota.

(5) "Situs of property" means, with respect to real property, the state or county in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was a resident at death.

(3) (6) "Commissioner" means and refers to the commissioner of revenue of this state or any person or body within the state department of revenue to whom he may have delegated his functions under this chapter.

(4) "Dependent child" means a natural child of the decedent, or a child adopted by the decedent who is incapable of furnishing his own support by reason of a physical or mental ailment, illness or deformity. The commissioner may request verification of the physical or mental condition of the child before allowing the exemptions and rates applicable to a dependent child under this chapter.

(5) "Stepchild" means a child who is not the decedent's natural or adopted child but is the natural or adopted child of the decedent's surviving or deceased spouse.

(7) "Internal Revenue Code" means the United States Internal Revenue Code of 1954 as amended through December 31, 1978.

Sec. 2. Minnesota Statutes 1978, Section 291.01, is amended to read:

291.01 [TAX IMPOSED.] Subdivision 1. A tax shall be and is hereby imposed upon any the transfer of property, real, personal or mixed, or any interest therein, or income therefrom in trust or otherwise, to any person, association or corporation, except county,

town or municipal corporation within the state, for strictly county, town or municipal purposes, in the following cases:

(1) When the transfer is by will or by the intestate laws of this state from any person dying possessed of the property while a resident of this state;

(2) When a transfer is by will or intestate law, of property within the state or within its jurisdiction and the decedent was a non-resident of the state at the time of his death;

(3) When the transfer is of property made by a resident or by a nonresident when such nonresident's property is within this state, or within its jurisdiction, by deed, grant, bargain, sale or gift, made in contemplation of the death of the grantor, vendor, or donor, or intended to take effect in possession or enjoyment at or after such death; any transfer of the material part of the property of a deceased in the nature of a final disposition or distribution thereof made within three years prior to death, without adequate and full consideration in money or money's worth, shall, unless shown to the contrary, be deemed to have been made in contemplation of death; but no such transfer made prior to such three year period shall be deemed or held to have been made in contemplation of death; and

(4) Nothing in this chapter shall be construed as imposing a tax upon any transfer, as defined in this chapter, of intangibles, however used or held, whether in trust or otherwise, by a person, or by reason of the death of a person, who was not a resident of this state at the time of his death.

Subd. 2. Such tax shall be imposed when any such person or corporation becomes beneficially entitled, in possession or expectancy, to any property or the income thereof, by any such transfer whether made before or after the passage of this chapter.

Subd. 3. A taxable transfer under the provisions of this chapter shall be deemed to have been made:

(1) To the extent of any property with respect to which the decedent has at the time of his death general power of appointment, created on or before October 21, 1942, is exercised by the decedent

(A) by will, or

(B) by disposition which is of such nature that if it were a transfer of property owned by the decedent, such transfer would be taxable under the provisions of this chapter;

but the failure to exercise such a power or the complete release of such a power shall not be deemed an exercise thereof. If a general power of appointment created on or before October 21, 1942, has been partially released so that it is no longer a general power of appointment, the exercise of such power shall not be deemed to be the exercise of a general power of appointment if

(a) such partial release occurred before November 1, 1950, or

(b) the donee of such power was under a legal disability to release such power on October 21, 1942, and such partial release occurred not later than six months after the termination of such legal disability.

(2) To the extent of any property with respect to which the decedent has at the time of his death a general power of appointment created after October 21, 1942, or with respect to which the decedent has at any time exercised or released such a power of appointment by a disposition which is of such nature that if it were a transfer of property owned by the decedent, such transfer would be taxable under the provisions of this chapter. A disclaimer or renunciation of such a power of appointment shall not be deemed a release of such powers. For purposes of this paragraph (2), the power of appointment shall be considered to exist on the date of the decedent's death even though the exercise of the power is subject to a precedent giving of notice or even though the exercise of the power takes effect only on the expiration of a stated period after its exercise, whether or not on or before the date of the decedent's death notice has been given or the power has been exercised.

(3) To the extent of any property with respect to which the decedent:

(A) by will; or

(B) by a disposition which is of such nature that if it were a transfer of property owned by the decedent such transfer would be taxable under the provisions of this chapter,

exercises a power of appointment created after October 21, 1942, by creating another power of appointment which can be validly exercised so as to postpone the vesting of any estate or interest in such property, or suspend the absolute ownership or power of alienation of such property, for a period ascertainable without regard to the date of the creation of the first power.

(4) The term "general power of appointment" means of power which is exercisable in favor of the decedent, his estate, his creditors or the creditors of his estate; except that:

(A) A power to consume, invade, or appropriate property for the benefit of the decedent which is limited by an ascertainable standard relating to the health, education, support, or maintenance of the decedent shall not be deemed a general power of appointment.

(B) A power of appointment created on or before October 21, 1942, which is exercisable by the decedent only in conjunction with another person shall not be deemed a general power of appointment.

(C) In the case of a power of appointment created after October 21, 1942, which is exercisable by the decedent only in conjunction with another person:

(a) If the power is not exercisable by the decedent except in conjunction with the creator of the power, such power shall not be deemed a general power of appointment.

(b) If the power is not exercisable by the decedent except in conjunction with a person having a substantial interest in the property, subject to the power, which is adverse to exercise of the power in favor of the decedent, such power shall not be deemed a general power of appointment. For the purposes of this clause a person who, after the death of the decedent, may be possessed of a power of appointment (with respect to the property subject to the decedent's power) which he may exercise in his own favor shall be deemed as having an interest in the property and such interest shall be deemed adverse to such exercise of the decedent's power.

(c) If, after the application of clauses (a) and (b), the power is a general power of appointment and is exercisable in favor of such other person, in such power shall be deemed a general power of appointment only in respect of a fractional part of the property subject to such power, such part to be determined by dividing the value of such property by the number of such persons, including the decedent, in favor of whom such power is exercisable. For purposes of clauses (b) and (c), a power shall be deemed to be exercisable in favor of a person if it is exercisable in favor of such person, his estate, his creditors, or the creditors of his estate.

(5) The lapse of a power of appointment created after October 21, 1942, during the life of the individual possessing the power shall be considered a release of such power. The preceding sentence shall apply with respect to the lapse of powers during any calendar year only to the extent that the property, which could have been appointed by exercise of such lapsed powers, exceeded in value, at the time of such lapse, the greater of the following amounts:

(a) \$5,000 or

(b) Five percent of the aggregate value, at the time of such lapse, of the assets out of which, or the proceeds of which, the exercise of the lapsed powers could have been satisfied.

(6) For purposes of this subdivision, a power of appointment created by a will executed on or before October 12, 1942, shall be considered a power created on or before such date if the person executing such will dies before July 1, 1940, without having republished such will, by codicil or otherwise, after October 21, 1942.

Subd. 4. Whenever any property, real or personal, is held in the joint names of two or more persons, or is deposited in banks or in other institutions or depositories in the joint names of two or more persons payable to either or the survivor, upon the death of one of such persons the right of the survivor or survivors, to the immediate ownership or possession and enjoyment of such property, shall be deemed a transfer and subject to the inheritance tax imposed by this chapter, except such part thereof as may be shown to have originally belonged to the survivor or survivors and never to have been received or acquired by them from the decedent for less than

an adequate and full consideration in money or money's worth; in which case there shall be excepted only such part as is proportionate to the consideration furnished by the survivor or survivors. Provided, where any property has been acquired prior to April 29, 1935, by the decedent and spouse, as joint tenants, not in excess of one half of the value thereof shall be taxable. Provided, further, where property has been acquired at any time by gift, bequest, devise, or inheritance, by the decedent and any other person or persons, as joint tenants, the taxable portion shall be the value of a fractional part of said property to be determined by dividing the value of the property by the number of joint tenants.

Where personal property is held in joint names, such property shall be deemed as to be transferred to the survivors as provided in this subdivision unless it is established to the satisfaction of the commissioner that the decedent intended a different disposition. Upon the showing of evidence of that intent to the commissioner, the right of survivorship shall not be deemed to be a transfer to the named survivors subject to the inheritance tax; provided the survivors make the disposition according to the evidenced intention of the decedent and present to the commissioner statements signed by the transferees acknowledging receipt of the property from the named survivors; the disposition by the survivors to the transferees shall be deemed a transfer from the decedent to the transferees and shall be subject to the inheritance tax imposed by this chapter. This paragraph shall not apply to cases where the aggregate value of joint tenancy assets exceeds \$29,000.

Subd. 5. (1) The proceeds of all life or accident insurance policies whether now in force or hereafter issued, payable on account of the decedent's death shall be subject to the tax herein imposed, as follows:

(a) To the extent of the amount receivable by the executor of the decedent as insurance under policies on the life of the decedent.

(b) To the extent of the amount receivable by all other beneficiaries as insurance under policies on the life of the decedent with respect to which the decedent possessed at his death any of the incidents of ownership, exercisable either alone or in conjunction with any other person. For purposes of the preceding sentence, the term "incident of ownership" includes a reversionary interest (whether arising by the express terms of the policy or other instrument or by operation of law) only if the value of such reversionary interest exceeded five percent of the value of the policy immediately before the death of the decedent. As used in this paragraph, the term "reversionary interest" includes a possibility that the policy, or the proceeds of the policy, may return to the decedent or his estate, or may be subject to a power of disposition by him. The value of a reversionary interest at any time shall be determined (without regard to the fact of the decedent's death) by usual methods of valuation, including the use of tables of mortality and actuarial principles, pursuant to regulations prescribed by the commissioner of internal revenue or his delegate. In

determining the value of a possibility that the policy or proceeds thereof may be subject to a power of disposition by the decedent, such possibility shall be valued as if it were a possibility that such policy or proceeds may return to the decedent or this estate.

(2) Such proceeds shall be deemed a transfer within the meaning of that term as used in this chapter and a part of decedent's estate, and shall be taxable to the person or persons entitled thereto.

(3) Every corporation, partnership, association, individual, order or society authorized to transact life, accident, fraternal, mutual benefit, or death benefit insurance business which shall pay to any person, association, or corporation any insurance or death benefit in excess of \$1,000 or shall transfer any unpaid balance of, or any interest in, any annuity contract or deposit, upon the death of a resident of this state, shall give notice of such payment or transfer to the commissioner within ten days from the date thereof. Such notice shall be given on the forms prescribed by the commissioner and such notice shall set forth such information as the commissioner shall prescribe the Minnesota taxable estate of every decedent as prescribed by chapter 291.

Sec. 3. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.015] [DETERMINATION OF MINNESOTA TAXABLE ESTATE.] *The Minnesota taxable estate of a decedent shall be his federal gross estate as defined in Section 2031 of the Internal Revenue Code less the sum of:*

(1) *The value of any gifts of real property located outside this state which are otherwise includable in the federal gross estate under Section 2035(a) of the Internal Revenue Code;*

(2) *The value of property owned by the decedent at the time of his death which has its situs outside Minnesota;*

(3) *The exemptions and deductions allowed pursuant to sections 291.05, 291.051, 291.065, 291.07, and 291.08; and*

(4) *The sum of \$200,000, provided that, in the case of a non-resident decedent, this amount shall be reduced by that proportion of the value of the decedent's federal gross estate which has its situs outside of this state.*

Sec. 4. Minnesota Statutes 1978, Section 291.03, is amended to read:

291.03 [RATES.] *When the property or any beneficial interest therein passes by any such transfer where the amount of the property shall exceed in value the exemption or exemptions hereinafter specified, where applicable, The tax hereby imposed shall be :*

(1) *Where the person entitled to any beneficial interest in such property shall be the surviving spouse, minor or dependent child of the decedent, or any minor or dependent legally adopted child at*

computed by applying to the Minnesota taxable estate the following prescribed rates:

1- $\frac{1}{2}$ 7 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 201.05, clauses (3) through (7) \$100,000.

2 8 percent on the next \$25,000 \$100,000 or part thereof.

3 9 percent on the next \$50,000 \$100,000 or part thereof.

4 10 percent on the next \$50,000 \$200,000 or part thereof.

5 11 percent on the next \$50,000 \$500,000 or part thereof.

6 percent on the next \$100,000 or part thereof.

7 percent on the next \$100,000 or part thereof.

8 percent on the next \$100,000 or part thereof.

9 percent on the next \$500,000 or part thereof.

10 12 percent on the excess over \$1,000,000.

(2) Where the person or persons entitled to any beneficial interest in such property shall be the adult child or other lineal descendant of the decedent, adult legally adopted child or issue, lineal ancestor of the decedent, stepchild as defined in section 201.005, or any child to whom such decedent for not less than ten years prior to such transfer stood in the mutually acknowledged relation of a parent; provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday and was continuous for said ten years thereafter, or any lineal issue of such mutually acknowledged child, at the following prescribed rates:

2 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 201.05, clauses (3) through (7).

4 percent on the next \$25,000 or part thereof.

6 percent on the next \$50,000 or part thereof.

7 percent on the next \$100,000 or part thereof.

8 percent on the next \$200,000 or part thereof.

9 percent on the next \$600,000 or part thereof.

10 percent on the excess over \$1,000,000.

(3) Where the person or persons entitled to any beneficial interest in such property shall be the brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or a husband or widower of a daughter of the decedent, at the following prescribed rates:

5 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 201.05, clauses (3) through (7).

- 8 percent on the next \$25,000 or part thereof.
- 10 percent on the next \$50,000 or part thereof.
- 12 percent on the next \$50,000 or part thereof.
- 14 percent on the next \$50,000 or part thereof.
- 16 percent on the next \$100,000 or part thereof.
- 18 percent on the next \$100,000 or part thereof.
- 20 percent on the next \$100,000 or part thereof.
- 22 percent on the next \$500,000 or part thereof.
- 25 percent on the excess over \$1,000,000.

(4) Where the person or persons entitled to any beneficial interest in such property shall be in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate, at the following prescribed rates:

8 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).

- 10 percent on the next \$25,000 or part thereof.
- 12 percent on the next \$50,000 or part thereof.
- 14 percent on the next \$50,000 or part thereof.
- 16 percent on the next \$50,000 or part thereof.
- 18 percent on the next \$100,000 or part thereof.
- 20 percent on the next \$100,000 or part thereof.
- 22 percent on the next \$100,000 or part thereof.
- 26 percent on the next \$500,000 or part thereof.
- 30 percent on the excess over \$1,000,000.

Provided that the amount of tax imposed by this chapter on the transfer of any estate shall not be less than the maximum tax credit allowable for state death taxes against the federal estate tax imposed with respect to that part of the decedent's estate which has a taxable situs in this state.

Sec. 5. Minnesota Statutes 1978, Section 291.05, is amended to read:

291.05 [EXEMPTIONS.] The following exemptions from the tax are hereby allowed:

- (1) Any devise, bequest, gift, or transfer : (a) to or for the use of the United States of America or any state or any political subdivision thereof for public purposes exclusively, and any devise, bequest, gift, or transfer ; (b) to or for the use of any corporation, fund, foundation, trust, or association operated within this state for

religious, charitable, scientific, literary, education or public cemetery purposes exclusively, including the encouragement of art and the prevention of cruelty to children or animals, no part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or individual, and any bequest or transfer or to a trustee or trustees exclusively for such purposes, shall be exempt. Any devise, bequest, gift, or transfer; (c) to an employee stock ownership trust as defined in section 290.01, subdivision 25, shall be exempt. Where provided that, if the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the exemption shall be reduced by the product of multiplying said amount by their percentage interest in the trust.

Any devise, bequest, gift, or transfer, not to exceed \$1,000 made; (d) to a clergyman, in an amount not exceeding \$1,000, the proceeds of which are to be used for religious purposes or rites designated by the testator, shall be exempt. Any devise, bequest, gift, or transfer; and (e) to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, education, or public cemetery purposes exclusively, including the encouragement of art, and the prevention of cruelty to children or animals, no part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or any individual, and any bequest or transfer or to a trustee or trustees exclusively for such purposes, shall be exempt, if, at the date of the decedent's death, the laws of the state under the laws of which the transferee was organized or existing, either (1) did not impose a death tax of any character, in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contained a reciprocal provision under which transfers to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of another state were exempted from death taxes of every character if such other state allowed a similar exemption to a similar corporation, fund, foundation, trust, or association, organized under the laws of such state.

(2) The homestead of a decedent, and the proceeds thereof if sold during administration, transferred to the spouse or to any minor or dependent child of the decedent, or to any minor or dependent legally adopted child of the decedent, shall be exempt to the extent of \$45,000 of the appraised value thereof. In no case shall the quantity of land considered to be the homestead of a decedent for the purpose of this exemption exceed 120 acres if the land is not included in the laid out or platted portion of a city. If the land is within a laid out or platted portion of a city, its area shall not exceed one-half of an acre. In the case of a decedent's estate wherein no property or beneficial interest therein passing by reason of death is eligible for the homestead exemption because the decedent did not have an interest in property constituting a homestead at the time of his death, there shall be allowed an exemption in lieu of the homestead exemption, in the amount of \$10,000. The exemption shall be allocated among the surviving spouse and the decedent's

natural or adopted minor or dependent children in proportion to the total amount of property or any interest therein passing to such spouse and children.

Proceeds of any insurance policy issued by the United States and generally known as war risk insurance, United States government life insurance or national service life insurance payable upon the death of any person dying on or after June 24, 1950, shall be exempt.

Proceeds of life insurance issued pursuant to Public Law 89-214 and generally known as servicemen's group life insurance payable upon the death of any person on or after September 1, 1965, shall be exempt. Claims for refunds of inheritance tax paid on such proceeds shall be accepted by the commissioner if filed with him by December 31, 1970, or within 18 months after such payment, whichever is later.

Proceeds of payments made by the United States government as compensation for the decedent's service as a member of the armed forces of the United States during a period while he was classified as missing in action prior to being declared dead, shall be exempt. The commissioner shall make refunds for inheritance taxes paid which are attributable to payments exempt pursuant to this paragraph upon the filing of a claim by each beneficiary of the estate for his portion of the inheritance tax paid. Claims for refund must be filed with the commissioner no later than July 1, 1982.

(3) Proceeds of payments from the United States railroad retirement fund; or from the United States as social security benefit or veterans burial benefit, shall be exempt.

(3) (i) Property or any beneficial interest therein of the clear value of \$60,000 transferred to the surviving spouse, shall be exempt.

(ii) Provided, where the amount of family maintenance allowed by the probate court is less than the maximum deductible under the provisions of section 201.10, or if no such maintenance is allowed, there shall be allowed to the surviving spouse an additional exemption equal in amount to the difference between the maximum deduction as provided by section 201.10 and the amount of such family maintenance allowed by the probate court. Further provided where no probate proceedings are had there shall be allowed to the surviving spouse an additional exemption equal to the maximum deduction allowed for family maintenance under the provisions of section 201.10.

(4) (i) Property or any beneficial interest therein of the clear value of \$30,000 transferred to each minor or dependent child of the decedent, or any minor or dependent legally adopted child of the decedent, shall be exempt.

(ii) Provided, where the decedent left no surviving spouse entitled to the exemption allowed by clause (3) of this section the exemption allowed by subparagraph (ii) of clause (3) shall be allowed to beneficiaries entitled to exemption under the provisions

of this clause. In no event shall the aggregate amount of exemption so allowed be in excess of the additional amount that would have been allowed under subparagraph (ii) of clause (3) had such paragraph been applicable.

(5) Property or any beneficial interest therein of the clear value of \$6,000 transferred to any adult child or other lineal descendant of the decedent, any adult legally adopted child, stepchild as defined in section 291.005, or any child to whom the decedent, for not less than ten years prior to his death, stood in the mutually acknowledged relationship of a parent; provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday, and was continuous for ten years thereafter, or any lineal issue of such adopted or mutually acknowledged child, or any lineal ancestor of the decedent, shall be exempt.

(6) Property or any beneficial interest therein of the clear value of \$7,500 transferred to any brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or a husband or widower of a daughter of the decedent, shall be exempt.

(7) Property or any beneficial interest therein of the clear value of \$500 transferred to any person in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate not exempt under this chapter, shall be exempt.

Sec. 6. Minnesota Statutes 1978, Section 291.051, is amended to read:

291.051 [MARITAL DEDUCTION.] Subdivision 1. For the purposes of this section, the terms defined in this subdivision shall have the meaning given them herein.

"Marital exemption" means 50 percent, but not more than \$250,000, of the net taxable value passing to the surviving spouse of a decedent domiciled in Minnesota at the time of his death.

"Net taxable value" means the gross value passing to the surviving spouse, reduced by the value of real property outside Minnesota and tangible personal property permanently located outside Minnesota included in the gross value passing to the surviving spouse, and reduced by the deductions attributable to such gross value pursuant to section 291.07, except subdivision 1, clause (5), but without regard to the exemptions allowed to the surviving spouse by sections 291.05, clause (1), (2), and (3), and 291.10.

"Marital exemption tax" means a tax imposed at the rates provided by this chapter on the value of property passing to the surviving spouse less the marital exemption, but without regard to the exemptions allowed to the surviving spouse by sections 291.05, clauses (1), (2) and (3) and 291.10.

Subd. 2. If the marital exemption tax on the property passing to the surviving spouse is less than a tax computed on that property under the other provisions of this chapter, the marital exemption tax shall be imposed in lieu of the tax computed under the

other provisions. For the purpose of section 3, clause (3), the value of the Minnesota taxable estate shall, except as limited by subsection (b) of Section 2056 of the Internal Revenue Code and by subdivision 2, be determined by deducting from the value of the federal gross estate an amount equal to the value of any interest in property which passes or has passed from the decedent to his surviving spouse, but only to the extent that the interest has a taxable situs in this state and is included in determining the value of the federal gross estate. An interest in property shall be considered as passing from the decedent to his surviving spouse if it is considered as passing from the decedent to the surviving spouse under Section 2056(d) of the Internal Revenue Code.

Subd. 2. [LIMITATION.] The amount of the deduction allowed under this section for a resident decedent shall not exceed the greater of:

(a) \$250,000, or

(b) 50 percent of the value of the federal adjusted gross estate as defined in Section 2056(c)(2)(A) of the Internal Revenue Code,

reduced by an amount equal to the adjustment made, if any, for federal estate tax purposes with respect to any gift or gifts made by the decedent to his spouse after December 31, 1976 under Section 2056(c)(1)(B) of the Internal Revenue Code, and further reduced by the value of any property passing from the decedent to his surviving spouse which is exempt from estate tax under section 291.065 and is included in determining the value of the federal gross estate. In the case of a nonresident decedent, the amount of the deduction allowed under this section shall be determined without reference to subpart (a) of this subdivision.

Sec. 7. Minnesota Statutes 1978, Section 291.06, is amended to read:

291.06 [CREDIT FOR PREVIOUSLY PAID TAXES.] Where property is transferred to any person described in section 291.03, clauses (1) and (2), which can be identified as having been transferred to the decedent at death from a person who died within five years prior to the death of the decedent, and such transfer to the decedent was within the class of transfer described in said section 291.03, clauses (1) and (2), such property shall be exempt to the extent of the value thereof at the date of death of the prior decedent but not to exceed the value at the date of death of the second decedent. Provided, (1) no such exemption shall be allowed unless an inheritance tax was determined and paid to this state on the transfer thereof from the said prior decedent; (2) the exemption shall be limited to the value of property which is in excess of the amount of the exemption provided in section 291.05 allowed on the transfer to the decedent; (3) unless such previously transferred property is specifically devised or bequeathed, the exempt property for purposes of taxation shall be considered as belonging to the residue of the estate; (4) property exempt under this section shall not be included in computing the rate applicable to other transfers

to the beneficiary receiving such exempt property or can be identified as having been acquired in exchange for property so received, a credit for any transfer taxes paid pursuant to the provisions of this act or any inheritance tax paid pursuant to the provisions of Minnesota Statutes, Chapter 291 in effect prior to the effective date of this act upon that property during the preceding five years shall be allowed upon the transfer tax at his death. This credit shall not exceed the allocable portion of the tax due with respect to that property for estate tax purposes.

Sec. 8. Minnesota Statutes 1978, Section 291.065, is amended to read:

291.065 [EMPLOYEE RETIREMENT PLANS, EXEMPTION.] *To the extent included in the federal gross estate, the value of an annuity or other payment receivable by a surviving spouse or minor or dependent child of the decedent or a trust for their benefit after December 31, 1956, shall be exempt from inheritance estate tax if received under (1) an employees' trust (or under a contract purchased by an employees' trust) forming part of a pension, stock bonus, or profit sharing plan, which at the time of the decedent's separation from employment (whether by death or otherwise), or at the time of termination of the plan if earlier, met the requirement of section 401(a) of the Internal Revenue Code of 1954, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue; (2) a retirement annuity contract purchased by an employer (and not by an employees' trust) pursuant to a plan, which at the time of the decedent's separation from employment (by death or otherwise), or at the time of termination of the plan if earlier, met the requirements of paragraph (3) of section 401(a) of such code, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue; or (3) a retirement annuity contract purchased by an employer which is an organization referred to in section 503(b) (1) (2) or (3) of such code and which is exempt from tax under section 501(a) of such code, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue any plan, which at the time of the decedent's separation from employment, whether by death or otherwise, or at the time of termination of the plan if earlier, qualified under section 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code; (2) a benefit plan for employees of the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions or any other state or its political or governmental subdivisions; or (3) for members of a Minnesota volunteer firefighters' relief association. If such amounts payable after the death of the decedent under a plan described in clause (1) (2) or (3) are attributable to any extent to payments or contributions made by the decedent, no exemption shall be allowed for that part of the value of such amounts in the proportion that the total payments or contributions made by the decedent bears to the total payments or contributions made. For purposes of the preceding sentence, contributions or payments made by the decedent's employer or former*

employer under a trust or plan described in clause (1) (2) or (3) shall not be considered to be contributed by the decedent.

Sec. 9. Minnesota Statutes 1978, Section 291.07, Subdivision 1, is amended to read:

291.07 [DEDUCTIONS.] Subdivision 1. In determining the tax imposed by section 291.01, where, a personal representative has been appointed for the estate, or where a decree of descent for the estate has been entered under section 525.31 or where there have been summary proceedings for the estate if under section 525.51, the following deductions shall be allowed:

(1) funeral expenses;

(2) probate reasonable legal, accounting, fiduciary and administration expenses and fees with respect to both probate and non-probate assets, including but not limited to expenses incurred during administration in converting real and personal property held by the estate into cash;

(3) expenses of last illness unpaid at death;

(4) valid claims against and debts of the decedent, unpaid at death, which have been properly paid;

~~(5) family maintenance to the extent provided by section 291.10~~

~~(6) value of personal property to the extent of the amount allowed under the provisions of section 525.15~~

~~(7) federal estate taxes determined as follows:~~

~~(a) the value of the net estate taxable in Minnesota reduced by the deduction allowable for transfer for public, charitable and religious use as prescribed by Internal Revenue Code, Section 2055 and by the marital deduction as prescribed by Internal Revenue Code, Section 2056, shall be the numerator of a fraction;~~

~~(b) the denominator of the fraction shall be the value of the net estate everywhere reduced by the same class of deductions allowable in subparagraph (a) above;~~

~~(c) the ratio of the fraction so derived shall be multiplied by the federal estate tax due and payable to the United States Treasury.~~

~~(d) for purposes of this clause, the net estate is defined as the gross value of the estate on the applicable valuation date reduced by any unpaid mortgages on, or any indebtedness in respect of, property where the decedent's interest therein, undiminished by such mortgage or indebtedness, is included in the value of the gross estate.~~

~~(8) other taxes which have accrued and are a lien on property in the estate at the time of death~~

~~(9) reasonable fees for legal or fiduciary services incident to non probate assets~~

~~(10)~~ (5) Minnesota and federal income taxes on "income in respect of a decedent," as computed under subdivision 3.

(6) *federal estate taxes allocable to the Minnesota taxable estate. The portion of federal estate taxes allocable to the Minnesota taxable estate shall be equal to the amount obtained by multiplying the total federal estate tax by a fraction, the numerator of which is the Minnesota taxable estate plus the amount of the federal estate tax on the estate of the decedent and the denominator of which is the federal taxable estate for federal estate tax purposes;*

(7) *real estate taxes due and payable prior to or in the year of the decedent's death with respect to real estate subject to taxation under chapter 291 and other taxes which have accrued and are a lien on property in the estate at the time of death;*

(8) *liens and mortgages on property subject to taxation under chapter 291 which are not deductible as claims or debts of the decedent.*

Sec. 10. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.075] [ALTERNATE VALUATION OF QUALIFIED PROPERTY.] *When property subject to the tax imposed by chapter 291 qualifies for valuation based on its use pursuant to section 2032A of the Internal Revenue Code, it shall have the same value for Minnesota estate tax purposes as it has for federal estate tax purposes.*

Sec. 11. Minnesota Statutes 1978, Section 291.08, is amended to read:

291.08 [NONRESIDENT ESTATES; ALLOWANCE OF DEDUCTIONS AND EXEMPTIONS.] ~~(a)~~ *Where any a tax is due on the transfer of any property or interest therein owned by a nonresident, the following deductions and exemptions shall be allowed as provided in clauses (b) and (c) below:*

~~(b)~~ *Deductions.*

(1) *Funeral expenses to the extent incurred in Minnesota;*

(2) *Minnesota probate administration expense;*

~~(3)~~ *Family maintenance to the extent provided by section 291.10, reduced by the maximum amount allowed or allowable under the laws of the state of residence of the decedent;*

(4) *Value of personal property to the extent of the amount allowed under section 525.15, reduced by the maximum amount allowed or allowable under the laws of the state of residence of the decedent;*

(5) *Reasonable legal, accounting, fiduciary and administration fees and expenses allocable to both probate and nonprobate property included in the Minnesota gross estate;*

(3) Federal estate taxes subject to the limitations imposed by as computed in section 291.07;

(6) Other (4) Real estate taxes which have accrued and are a lien on Minnesota property at the time of death, or which are owed to Minnesota in respect of taxable income; due and payable prior to or in the year of the decedent's death.

(5) Liens and mortgages on property included in the Minnesota gross estate.

(7) Reasonable fees for legal or fiduciary services incident to nonprobate assets taxable in Minnesota.

(e) Exemptions. The exemptions applicable to the person entitled to a beneficial interest shall be allowed as in the case of residents under section 291.05, reduced by the maximum exemption allowed or allowable under the laws of the state of residence of the decedent.

Sec. 12. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 1a. In all instances in which a resident decedent dies after December 31, 1979 and before January 1, 1981 leaving a federal gross estate in excess of \$161,000 and in all instances in which a resident decedent dies after December 31, 1980 leaving a federal gross estate in excess of \$175,000, and the decedent has an interest in property with a situs in Minnesota, and in all instances in which a non-resident decedent has a liability under chapter 291, the personal representative shall submit to the commissioner, on a form prescribed by the commissioner, a Minnesota estate tax return. The return shall be accompanied by a federal estate tax return and shall contain a computation of the Minnesota estate tax due. The return shall be signed by the personal representative.

Sec. 13. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 2a. The commissioner may designate on the return the documents that are required to be filed together with the return in order to determine the proper valuation of assets and computation of tax. The commissioner shall not be bound by any item on the return unless he has received all required documents and unless all items of information on the return have been completed.

Sec. 14. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 3a. (a) The commissioner may challenge matters of valuation or taxability of any assets reported on the return, or any deductions claimed, or the computation of tax, only if within 90 days of receipt of the return and all documents required to be filed with the return, the commissioner mails or delivers a written notice to the personal representative objecting to the return as filed and specifying the reasons for the objection.

(b) If the personal representative disagrees with the objection or does not wish to fully comply with the objection, he may re-

quest that the commissioner hold a hearing on the objection. Within 30 days of receipt of a request, the commissioner shall set a time and place for hearing. Unless otherwise agreed upon, the hearing date shall not be earlier than 30 days nor later than 60 days from the date of the notice setting the hearing. The notice of hearing shall set forth the rights available to the personal representative under chapter 15. Not later than 30 days after the commissioner receives the report and recommendation of the hearing examiner, or a written waiver of his hearing rights by the personal representative, the commissioner shall issue an order determining the tax. Any such determination made by the commissioner may be appealed to the tax court as provided in section 271.09.

(c) At any time together with or after the objection, the commissioner, on his own initiative, may set a time and place for a hearing in accordance with (b) above.

(d) In his objection, or at any time thereafter, the commissioner may assess any additional tax as the facts may warrant, subject to the right of the personal representative to demand a hearing under chapter 15. If the personal representative does not demand a hearing within 90 days of the date of the assessment, the tax so assessed shall be legally due and the commissioner may proceed to collect any unpaid tax after one year from the date of death. If the commissioner later finds the tax assessment to be erroneous, he may adjust the assessment prior to collection.

(e) The commissioner shall not be required to object to any subsequent original, amended or supplemental return in order to preserve his rights. The commissioner shall not be precluded from objecting to a subsequent original, amended or supplemental return even though an original return was accepted as filed. If the commissioner had accepted an original return showing no tax due and a subsequent original, amended or supplemental return discloses additional assets not disclosed on the original return, the commissioner may object to any matter of valuation, taxability, deduction or computation of tax on the original return within 90 days of receipt of the subsequent original, amended or supplemental return.

(f) Subject to the provisions of section 291.11, the Minnesota estate tax liability shall be considered as finally determined on the date notification of acceptance is issued to the personal representative or, if no objection is filed, on the 91st day after the return, together with all other documents required to be filed with the return, is received.

(g) Subject to the time limits imposed elsewhere in this chapter, the commissioner may refund an overpayment of tax penalty or interest even though the personal representative has not made an application for refund.

Sec. 15. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 4a. If any estate tax return required to be filed pursuant to the provisions of this section has not been filed, the commis-

sioner may make and file a return including a computation of the tax resulting from the transfers therein reported. At the time of the filing the commissioner shall mail copies of the return to the personal representative, if any, and to each person from whom any portion of the tax is due. The return may be objected to and a hearing held on the objections in the manner provided in subdivision 3a.

Sec. 16. Minnesota Statutes 1978, Section 291.09, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding other provisions of this chapter, when agreed in writing between the commissioner and the representative, values for purposes of the inheritance estate tax on both probate and non-probate assets shall be the same as those finally determined for purposes of the federal estate tax on a decedent's estate.

Sec. 17. Minnesota Statutes 1978, Section 291.09, Subdivision 7, is amended to read:

Subd. 7. The inheritance estate tax return, except as otherwise provided in this chapter, shall be filed with the commissioner within 12 months after the decedent's death.

Sec. 18. Minnesota Statutes 1978, Section 291.11, Subdivision 1, is amended to read:

291.11 [TIME EFFECTIVE.] Subdivision 1. [UPON DEATH; TIME OF ASSESSMENT.] (a) All taxes imposed by this chapter shall take effect at and upon the death of the person ~~from whom the transfer is made~~ whose estate is subject to taxation and shall be due and payable at the expiration of 12 months from such death, except as otherwise provided in this chapter. Provided, that any taxpayer who owes at least \$5,000 in taxes may choose to pay these taxes in five equal installments over a period of time not to exceed five years from the death of the person ~~from whom the transfer is made~~ whose estate is subject to taxation or five years from the expiration of the extension granted by the commissioner pursuant to section 291.132, whichever is later. When a taxpayer elects to pay the tax in installments, he shall notify the commissioner in writing no later than 12 months after the death of the person ~~from whom the transfer is made~~ whose estate is subject to taxation. If the taxpayer fails to pay an installment on time, the election shall be revoked and the entire amount of unpaid tax shall be due and payable 90 days after the date on which the installment was payable.

(b) (A) False return—in the case of a false or fraudulent return with the intent to evade tax, any additional tax resulting therefrom may be assessed at any time.

(B) No return—in the case of failure to file a return, the tax may be assessed at any time.

(C) Omissions—in the case where there is omitted from the estate items subject to tax under this chapter the tax on such omitted items may be assessed at any time.

In determining the items omitted, there shall not be taken into account any item which has been disclosed in the return or in a statement attached to the return in a manner adequate to apprise the commissioner of the nature and amount of such item.

(c) Where, before the expiration of the time prescribed in this chapter for the determination or adjustment of the tax, the commissioner and the taxpayer shall consent in writing to the extension of time for such determination or adjustment the tax may be determined at any time prior to the expiration agreed upon and in the manner agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

~~(d) The estate tax prescribed in section 291.34, notwithstanding the period of limitations prescribed for determination of the inheritance tax in this chapter shall be determined by the commissioner not later than 90 days following the filing of the Minnesota estate tax return with the commissioner, together with a copy of the federal audit report or the closing letter accepting the federal return as originally filed.~~

Sec. 19. Minnesota Statutes 1978, Section 291.111, Subdivision 1, is amended to read:

291.111 [TAXATION OF DISCLAIMED INTERESTS.] Subdivision 1. Transfers of any interest in real or personal property and all rights and powers relating to the same which have been duly disclaimed pursuant to the provisions of sections 501.211 and 525.532, or in any manner provided in subdivision 2 shall be subject to the inheritance estate tax imposed by this chapter, and acts amendatory thereof only if, and to the same extent and in the same manner as, the same would have been subject to said tax if said interests, rights or powers had been originally created in favor of and transferred to the same persons and in the same shares in which they are effectively distributed or otherwise disposed of, after giving full effect to such disclaimers, pursuant to the governing instrument, if any, and sections 501.211 and 525.532 and all other applicable law.

Sec. 20. Minnesota Statutes 1978, Section 291.132, is amended to read:

291.132 [EXTENSION TO FILE OR PAY.] *Subdivision 1.* The commissioner may extend the time for filing returns or making payment of the tax, without penalty, for a period not to exceed six months. In lieu of the six month extension, the commissioner may extend the time for payment of the tax, without penalty, for a period not to exceed two years if the payment of the tax would result in an undue hardship on the estate. The written request for the undue hardship extension shall be made to the commissioner no later than 12 months after the death of the person from whom the transfer is made. The taxpayer may elect to pay the taxes in installments as specified in section 291.11, subdivision 1, provided that the period of time for the payment of the taxes shall not exceed five years from the expiration of the extension

granted by the commissioner. Where an extension of time has been granted, interest shall be payable at the rate specified in section 270.75 from the date when such payment should have been made, if no extension had been granted, until such tax is paid.

Subd. 2. In lieu of an extension provided pursuant to subdivision 1 or payment of the estate tax in installments pursuant to section 291.11 on the property which qualifies under this subdivision, the commissioner may extend the time for payment of the tax on property which qualifies for valuation under section 10. The personal representative of an estate containing such property may elect to pay all or part of the tax imposed by chapter 291 in two or more, but not to exceed ten, equal installments, provided that the maximum amount of tax which may be paid in installments pursuant to this subdivision shall be an amount which bears the same ratio to the estate's tax liability under chapter 291 as the value of property determined pursuant to section 12 bears to the amount of the taxable estate. The first installment shall be paid on or before the date selected by the personal representative. The date may be no more than five years after the date prescribed by section 291.11, subdivision 1, for payment of the estate tax. Each succeeding installment shall be paid on or before that same date each year. An election under this subdivision shall be made not later than the time prescribed by section 291.11 for filing of the estate tax return and shall be made in the manner as the commissioner shall prescribe by rule.

Subd. 3. If the time for payment of estate tax has been extended under subdivision 2, interest shall be payable as provided in this subdivision.

(a) Interest payable under section 291.15 on any unpaid portion of the amount attributable to the first five years after the date prescribed by section 291.11 for payment of the tax shall be paid annually.

(b) Interest payable under section 291.15 on any unpaid portion of the amount attributable to any period after the five year period referred to in clause (a) shall be paid annually at the same time as, and as part of, each installment payment of the tax.

(c) If the executor has selected a period shorter than five years under subdivision 2 the shorter period shall be substituted for five years in clauses (a) and (b).

Sec. 21. Minnesota Statutes 1978, Section 291.14, is amended to read:

291.14 [PERSONAL LIABILITY OF PERSONAL REPRESENTATIVE AND TRANSFEREE.] Subdivision 1. ~~Every tax imposed by this chapter shall be a lien upon the property embraced in any inheritance, devise, bequest, legacy, or gift until paid, and The personal representative and person to whom such property which is subject to taxation under chapter 291 is transferred shall be personally liable for such tax, until its payment, to the extent of the value of such the property. No such lien shall be enforced~~

against real property, included in the probate estate, unless the state shall assert the same by filing a statement of its lien in the office of the county recorder or registrar of titles in the county wherein such real estate may be situated, within ten years after the date of any deed of distribution or decree of distribution which may be entered in the estate involved.

Subd. 1a. (1) Where an order approving distribution of property is not issued by the court, any tax due on the transfer of such property or interest to a devisee or to heirs who are entitled under the statutes of intestate succession shall be a lien upon such property until the tax imposed by this chapter is paid.

(2) The lien shall not be enforced against real property subject to the provisions of clause (1) unless the state asserts it by filing a statement of lien in the office of the county recorder or the registrar of titles in the county where the real estate is situated within ten years from the date of recording a copy of the death record of the testate or intestate decedent, as the case may be, together with a statement by the commissioner acknowledging receipt of an inventory and appraisal listing the real property.

(3) When the tax on property subject to the provisions of this subdivision has been paid, or if there be deposited with the commissioner a sum of money in an amount equal to the tax which, in the judgment of the commissioner may be due upon the transfer of the property, or if there is no tax required to be paid, the commissioner shall certify on an affidavit prescribed by him or instrument of conveyance that the lien for inheritance tax has been satisfied or has been waived, as the case may be. The affidavit or instrument of conveyance so certified may be recorded as are other instruments affecting the title to real estate.

Subd. 2. (1) Except as provided in clause (4) of this subdivision, where a lien for inheritance tax imposed under this chapter may be enforced against real property transferred to surviving joint tenants, or upon property transferred by a decedent during such decedent's lifetime, the surviving joint tenants or the transferees of the property so transferred by the decedent shall file on a form prescribed by the commissioner a schedule of non-probate assets listing the property or interest taxable. Any tax due on the transfer of such property or interest to the surviving joint tenants or to the transferees of the property so transferred by the decedent shall be reported on an inheritance tax return filed with the commissioner pursuant to section 201.00, and shall be a lien upon the interest of the surviving joint tenants or the transferees, until paid, and the surviving joint tenants or the transferees shall be personally liable for such tax to the extent of the value of such property.

(2) No lien shall be enforced against real property subject to the provision of clause (1) of this subdivision unless the state shall assert the same by filing a statement of such lien in the office of the county recorder or registrar of titles in the county wherein such real estate may be situated within ten years from the date of recording a copy of the death record of the deceased joint ten-

ant or deceased transferor, together with a copy of the schedule of non-probate assets required to be filed with the commissioner pursuant to clause (1) of this subdivision, which copy shall have been duly acknowledged by the commissioner.

(3) Where the tax on property subject to the provisions of clause (1) of this subdivision has been paid, or if there is deposited with the commissioner cash in an amount equal to the tax which, in the judgment of the commissioner, may be due upon the transfer of such property, or if there is no tax required to be paid, the commissioner shall certify on an affidavit of survivorship remainderman, described by the commissioner, that the lien has been satisfied or waived as the case may be. The affidavit so certified may be recorded as are other instruments affecting the title to real estate.

(4) (a) (i) When the decedent's death occurred subsequent to April 20, 1930, the provisions of this clause shall apply to the spouse, minor or dependent natural or adopted child of the decedent, or to the combination of classes of persons included herein;

(ii) When decedent's death occurred in the period beginning on April 21, 1930, and ending April 25, 1949, the provisions of this clause shall apply to the spouse, minor or dependent natural or adopted child or any other issue of the decedent, or to any combination of classes of persons included in this subparagraph (ii);

(b) Where the homestead is held in joint tenancy with the right of survivorship by the decedent and persons meeting the conditions described in (a) above, an affidavit in the form and manner prescribed by the commissioner, may be delivered to the county recorder or the registrar of titles. Such affidavit shall declare

(i) that the surviving joint tenant or tenants were members of the classes described in (a) above at the date of decedent's death (if any of the surviving joint tenants were minors, state date of such minor's birth);

(ii) that the property described as the homestead was owned and occupied by the decedent as his principal dwelling place at date of death;

(iii) that the quantity of land included in such property is not in excess of 120 acres and not included in the laid out or platted portion of any city. If the land is within a laid out or platted portion of a city, its area shall not exceed one-half of an acre;

(iv) that the gross market value of such property at date of death was not in excess of \$45,000;

(v) the affidavit to be delivered to the county recorder or registrar of titles shall have attached thereto a certified copy of the death certificate with respect to the death of the deceased joint tenant.

The affidavit shall be in lieu of an affidavit of survivorship certified by the commissioner and shall extinguish the lien imposed on such property by clause (2) of this subdivision, and shall be

recorded or filed as a document affecting the title to the real estate. The county recorder or registrar of titles shall not be required to verify the declarations made in such affidavit.

(c) A copy of the affidavit (which need not bear a copy of the death certificate) shall be supplied to the county recorder or registrar of titles; he will forward this copy to the commissioner at his office in St. Paul, Minnesota.

(d) Where it appears that a schedule of non-probate assets would otherwise not be required to be filed, the property, the lien on which has been extinguished in accordance with the provisions of paragraph (a) above, need not be reported on a schedule of non-probate assets.

Subd. 4. The lien of the state for inheritance taxes payable by a personal representative shall not extend to any right acquired by a bona fide purchaser, mortgagee, or lessee through any conveyance made by such personal representative, provided that such personal representative delivers to the county recorder or registrar of titles, as the case may be, a declaration that the property described therein has been sold to a bona fide purchaser, or has been mortgaged or leased, as the case may be. The declaration so submitted shall have attached thereto a certified copy of letters evidencing the appointment of such personal representative. The county recorder or registrar of titles shall submit a copy of such declaration to the commissioner at his office in St. Paul, Minnesota, without any requirement that the statements made therein by such personal representative have been verified. The lien so extinguished with respect to such bona fide purchaser, mortgagee or lessee shall not be reinstated or challenged by the commissioner.

Sec. 22. Minnesota Statutes 1978, Section 291.19, Subdivision 3, is amended to read:

Subd. 3. Any personal representative, trustee, heir or legatee of a nonresident decedent desiring to transfer property having its situs in this state may make application to the commissioner of revenue for the determination of whether there is any tax due to the state on account of the transfer of the decedent's property and such applicant shall furnish to the commissioner of revenue therewith an affidavit setting forth a description of all property owned by the decedent at the time of his death and having its situs in the state of Minnesota, the value of such property at the time of said decedent's death; also when required by the commissioner of revenue, a description of and statements of the true value of all the property owned by the decedent at the time of his death and having its situs outside the state of Minnesota, and also a schedule or statement of the valid claims against the estate of the decedent, including the expenses of his last sickness and funeral and the expenses of administering his estate, to the extent that such claims were incurred within this state. Such person shall also, on request of the commissioner of revenue, furnish to the latter a certified copy of the last will of the decedent in case he died testate, or an affidavit setting forth the names, ages and residences of the heirs at law of the

decedent in case he died intestate and the proportion of the entire estate of such decedent inherited by each of said persons ; and the relation, if any, with each legatee, devisee, heir, or transferee sustained to the decedent or person from whom the transfer was made . Such affidavits shall be subscribed and sworn to by the personal representative of the decedent or some other person having knowledge of the facts therein set forth.

Sec. 23. Minnesota Statutes 1978, Section 291.20, Subdivision 1, is amended to read:

291.20 [SAFETY DEPOSIT COMPANIES NOT TO TRANSFER FUNDS.] Subdivision 1. No person holding securities or assets belonging at the time of death of a decedent to him or to him and another or others as joint tenants, or having on deposit funds in excess of \$1,000 to the credit of a decedent, or to the decedent and another or others as joint tenants, or to the credit of the decedent as trustee for another or others, or renting a safe deposit box or other place of safekeeping to a decedent, individually or as joint tenant or tenant in common, shall deliver or transfer the same to any person, or permit any person to have access thereto, unless notice of the time and place of such intended transfer or access be served upon the county treasurer, personally or by representative, in which event the county treasurer, personally or by representative, may examine said securities, assets, funds or contents of such safe deposit box, at the time of such delivery, transfer or access. If, upon such examination the county treasurer or his representative shall for any cause deem it advisable that such securities, assets or funds should not be immediately delivered or transferred, or access to said safe deposit box or other place of safekeeping should not immediately be granted, he may forthwith notify in writing such person to defer delivery or transfer or access, as the case may be, for a period not to exceed ten days from the date of such notice, and thereupon it shall be the duty of the person notified to defer such delivery, transfer or access until the time stated in such notice or until prior revocation thereof. Failure to serve the notice first above mentioned, or to allow such examination, or to defer delivery or transfer of such securities, assets, or funds, or to refuse access to such safe deposit box or other place of safekeeping for the time stated in the second of such notices, shall render such person liable to the payment of the tax due, not exceeding \$1,000, upon the transfer of said securities, assets, or funds, or upon securities, assets, or moneys in such safe deposit box or other place of safekeeping, pursuant to the provisions of this act; provided, however, that nothing herein contained shall subject such person to liability for the payment of any such tax unless such person had knowledge of the death of the decedent prior to such delivery or transfer of such securities, assets, or funds, or entry to said safe deposit box or other place of safekeeping. The word "person" as used herein shall include individual persons, safe deposit companies, banks, trust companies, savings and loan associations, partnerships and all other organizations.

Any person seeking access to any safe deposit box upon the death of any person who at the time of his death was a tenant thereof either individually or as joint tenant or tenant in common, or seeking to withdraw securities, assets or funds belonging to the decedent or which decedent had the right to withdraw, shall notify the person renting such safe deposit box or holding such securities, assets or funds of the decedent's death. Any person who wilfully fails to give the notice of the death of the decedent required by this paragraph with intent to evade taxes due hereunder shall be guilty of a misdemeanor. It shall be a complete defense to any prosecution under the provisions of this subdivision that no inheritance estate tax was due from the decedent's estate.

Sec. 24. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.215] [VALUATION OF ESTATE; REPORTING.] *Subdivision 1. The valuation of all property includable in the Minnesota taxable estate of a decedent shall be subject to review and approval of the commissioner of revenue.*

Subd. 2. Before the final settlement of an estate the personal representative shall furnish an amended estate tax return listing all property and taxable transfers or other events of which he has become aware since the first estate tax return was made which would result in a change in either the amount of the estate tax initially determined or the statements made by the affiant therein. He also shall furnish copies of any documents or records and any other information relating to the estate or its value upon request of the commissioner of revenue.

Subd. 3. The personal representative shall file an amended estate tax return within 90 days after any amended estate tax return is filed pursuant to the provisions of the United States Internal Revenue Code. If no amended federal estate tax return is filed but the federal estate tax return is changed or corrected, the change or correction shall be reported to the commissioner of revenue within 90 days after the final determination of the change or correction is made. Upon receipt of an amended federal estate tax return or upon notification of any change or correction made on the federal estate tax return, the commissioner of revenue may reassess the estate tax.

Sec. 25. Minnesota Statutes 1978, Section 291.27, is amended to read:

291.27 [UNPAID TAX; OMITTED PROPERTY.] *If any tax is due and unpaid under the provisions of this chapter, the representative, the county attorney of the county in which an estate is probated, the attorney general or the commissioner may apply to the probate court for a citation, citing the persons liable to pay such tax to appear before the court on a day specified, not more than three months from the date of such citation, and show cause why the tax should not be paid. The judge of the probate court, upon such application, and whenever it shall appear to him that*

any such tax accruing under this chapter has not been paid as required by law, shall issue such citation, and the service of such citation, and the time, manner, and proof thereof, and the hearing and determination thereon, shall conform, as near as may be, to the provisions of the probate code of this state, and whenever it shall appear that any such tax is due and payable and the payment thereof cannot be enforced under the provisions of this chapter in the probate court, the person or corporation from whom the same is due is hereby made liable to the state for the amount of such tax.

Any tax due and unpaid under the provisions of this chapter may be enforced and collected from any transferee of property included in the Minnesota estate by action in a the court of administration of the estate of the decedent or in a court of general jurisdiction by the personal representative of any estate, or by action, in the name of the state, brought by the attorney general, the county attorney or the commissioner in the name of the state.

Any property which for any cause is omitted from an appraisal, inventory, or schedule of non probate assets the Minnesota estate tax return so that its value is not taken into consideration in the determination of the inheritance taxes estate tax, may be subsequently taxed against the persons receiving the same, or any part thereof, to the same effect as if included in the original appraisal, inventory, schedule of non probate assets, inheritance estate tax return and determination, except that any personal representative of an estate discharged from his trust in the meantime shall not be liable for the payment of such tax. When any property has been thus omitted in the determination of an inheritance estate tax, such taxes the tax thereon may be determined and recovered in a civil action brought by the attorney general or the commissioner, in the name of the state, in any court of general jurisdiction, or may be prosecuted to collection by citation and subsequent proceedings in the probate court wherein the estate was administered.

Sec. 26. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.48] [PUBLICITY OF RETURNS; INFORMATION.] *It shall be unlawful for the commissioner or any other public official, employee or former employee to divulge or otherwise make known in any manner any particulars set forth or disclosed in any report or return required by chapter 291 or 292 or information acquired while examining or auditing any taxpayer's liability for taxes thereunder, except in connection with a proceeding involving taxes due under chapter 291 or 292 from the taxpayer making the return. The commissioner may furnish a copy of any return or report to any official of the United States or any state having duties to perform in respect to the assessment or collection of any inheritance, estate, or gift tax, if the taxpayer is required by the laws of the United States or of the other state to make a return therein. Nothing herein contained shall be*

construed to prohibit the commissioner from publishing statistics so classified as not to disclose the identity of particular property, decedents, heirs, or personal representatives, returns or reports and the contents thereof. Any person violating the provisions of this section shall be guilty of a gross misdemeanor.

The return of a decedent or donor shall, upon written request, be open to inspection by or disclosure to (a) the administrator, executor, or trustee of his estate, and (b) any heir at law, next of kin, or beneficiary under the will of the decedent, and any other person whose basis in property is determined in whole or part by values set forth in the return, or (c) a donee of the property, but only if the commissioner finds that the heir, next of kin, beneficiary or other person or donee has a material interest which will be affected by information contained therein.

Sec. 27. Minnesota Statutes 1978, Section 291.33, Subdivision 1, is amended to read:

291.33 [PAYMENTS TO COUNTIES.] Subdivision 1. On or before the first of November in each year the commissioner shall determine the net amount of inheritance tax, Minnesota estate tax and interest collected thereon which has been paid to the commissioner during the fiscal year ending June 30 next preceding from estates in each of the several counties of this state wherein probate proceedings have been had or where, if no probate proceedings have been required, wherein are located the probate courts that would have had venue under the provisions of section 524.3-201, had there been assets of decedents subject to probate.

For purposes of this subdivision net amount shall be the total amount paid from each of the several counties under the provisions of this chapter, during the appropriate fiscal year, reduced by the refunds made by the commissioner applicable to each of the several counties under the provisions of this chapter, during the same fiscal year.

Sec. 28. Minnesota Statutes 1978, Section 352.15, Subdivision 1, is amended to read:

352.15 [EXEMPTION FROM PROCESS AND TAXATION.] Subdivision 1. None of the moneys, annuities, or other benefits mentioned herein shall be assignable either in law or in equity or be subject to execution, levy, attachment, garnishment, or other legal process, or to any state income tax or state inheritance estate tax, except that none shall be exempt from taxation under chapter 291, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Provided, however, the executive director may pay an annuity, benefit or refund to a banking institution, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former employee, the executive director may mail the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such employee's account or joint ac-

count with his spouse. The board of directors may prescribe the conditions under which such payments will be made.

Sec. 29. Minnesota Statutes 1978, Section 353.15, is amended to read:

353.15 [NONASSIGNABILITY AND EXEMPTION OF ANNUITIES AND BENEFITS FROM JUDICIAL PROCESS AND TAXATION.] No money, annuity, or benefit provided for in this chapter is assignable or subject to a power of attorney, execution, levy, attachment, garnishment, or legal process, including actions for divorce, legal separation, and child support, or to any state income tax or state inheritance estate tax, ~~except that none shall be exempt from taxation under chapter 201, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit.~~ Provided, however, the association may pay an annuity, benefit or refund to a trust company, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former member, the association may mail the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such person's account or joint account with his spouse. The association may prescribe the conditions under which such payment will be made. If in the judgment of the executive director conditions so warrant, payment may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe.

Sec. 30. Minnesota Statutes 1978, Section 354.10, is amended to read:

354.10 [FUND NOT SUBJECT TO ASSIGNMENT OR PROCESS; BENEFICIARIES.] The right of a teacher to avail himself of the benefits provided by this chapter, is a personal right only and shall not be assignable. All moneys to the credit of a teacher's account in the fund or any moneys payable to him from the fund shall belong to the state of Minnesota until actually paid to the teacher or his beneficiary pursuant to the provisions of this chapter. Any power of attorney, assignment or attempted assignment of a teacher's interest in the fund, or of the beneficiary's interest therein, by a teacher or his beneficiary, including actions for divorce, legal separation, and child support, shall be null and void and the same shall be exempt from garnishment or levy under attachment or execution and from all taxation by the state of Minnesota, ~~except that none shall be exempt from taxation under chapter 291, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit.~~ Provided however, the board may pay an annuity or benefit to a banking institution, qualified under chapter 48, that is a trustee for a person eligible to receive such annuity or benefit. Upon completion of the proper forms as provided by the board, the annuity or benefit check may be mailed to a banking institution, savings association or credit union for deposit to the recipient's individual account or joint account with his or her

spouse. The board shall prescribe the conditions which shall govern these procedures. If in the judgment of the executive director conditions so warrant, payment may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe. Any beneficiary designated by a teacher under the terms of this chapter, may be changed or revoked by the teacher at his pleasure, in such manner as the board may prescribe. In case a designated beneficiary dies before the teacher designating him dies, and a new beneficiary is not designated, the teacher's estate shall be the beneficiary.

Sec. 31. Minnesota Statutes 1978, Section 354A.11, is amended to read:

354A.11 [CERTAIN MONEYS AND CREDITS OF TEACHERS EXEMPT.] All moneys deposited by a teacher or member or deposited by any other person or corporation, municipal or private, to the credit of such teacher or member in a corporation organized as a "Teachers Retirement Fund Association" under sections 354A.03 to 354A.10, and all moneys, rights, and interests or annuities due or to become due to such teacher, member, or annuitant, or their beneficiaries, from any such association shall not be assignable, shall be exempt from garnishment, attachment, and execution or sale on any final process issued from any court and shall not be subject to the inheritance estate tax provisions of this state if transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit.

Sec. 32. Minnesota Statutes 1978, Section 524.3-706, is amended to read:

524.3-706 [DUTY OF PERSONAL REPRESENTATIVE; INVENTORY AND APPRAISEMENT.] Within three months after his appointment, a personal representative, who is not a special administrator or a successor to another representative who has previously discharged this duty, shall prepare and file with the court or registrar and mail to the surviving spouse, if there be one, and to all residuary distributees an inventory of property owned by the decedent at the time of his death, listing it with reasonable detail, and indicating as to each listed item, its fair market value as of the date of the decedent's death, and the type and amount of any encumbrance that may exist with reference to any item.

The personal representative shall also mail a copy of the inventory to interested persons or creditors who request it, and shall file an executed copy of the Minnesota inheritance tax return with the court or registrar.

Sec. 33. Minnesota Statutes 1978, Section 524.3-916, is amended to read:

524.3-916 [APPORTIONMENT OF ESTATE TAXES.] (a) For purposes of this section:

(1) "estate" means the gross estate of a decedent as determined for the purpose of federal estate tax and the estate tax payable to this state;

(2) "person" means any individual, partnership, association, joint stock company, corporation, government, political subdivision, governmental agency, or local governmental agency;

(3) "person interested in the estate" means any person entitled to receive, or who has received, from a decedent or by reason of the death of a decedent any property or interest therein included in the decedent's estate. It includes a personal representative, conservator, and trustee;

(4) "state" means any state, territory, or possession of the United States, the District of Columbia, and the Commonwealth of Puerto Rico;

(5) "tax" means the federal estate tax and the state estate tax determined by the commissioner of revenue pursuant to ~~section 291.34~~ *chapter 291* and interest and penalties imposed in addition to the tax;

(6) "fiduciary" means personal representative or trustee.

(b) Unless the will or other written instrument otherwise provides, the tax shall be apportioned among all persons interested in the estate. The apportionment is to be made in the proportion that the value of the interest of each person interested in the estate bears to the total value of the interests of all persons interested in the estate. The values used in determining the tax are to be used for that purpose. If the decedent's will or other written instrument directs a method of apportionment of tax different from the method described in this code, the method described in the will or other written instrument controls.

(c)(1) The court in which venue lies for the administration of the estate of a decedent, on petition for the purpose may determine the apportionment of the tax.

(2) If the court finds that it is inequitable to apportion interest and penalties in the manner provided in subsection (b), because of special circumstances, it may direct apportionment thereof in the manner it finds equitable.

(3) If the court finds that the assessment of penalties and interest assessed in relation to the tax is due to delay caused by the negligence of the fiduciary, the court may charge him with the amount of the assessed penalties and interest.

(4) In any action to recover from any person interested in the estate the amount of the tax apportioned to the person in accordance with this code the determination of the court in respect thereto shall be prima facie correct.

(d) (1) The personal representative or other person in possession of the property of the decedent required to pay the tax may withhold from any property distributable to any person interested

in the estate, upon its distribution to him, the amount of tax attributable to his interest. If the property in possession of the personal representative or other person required to pay the tax and distributable to any person interested in the estate is insufficient to satisfy the proportionate amount of the tax determined to be due from the person, the personal representative or other person required to pay the tax may recover the deficiency from the person interested in the estate. If the property is not in the possession of the personal representative or the other person required to pay the tax, the personal representative or the other person required to pay the tax may recover from any person interested in the estate the amount of the tax apportioned to the person in accordance with Laws 1975, Chapter 347.

(2) If property held by the personal representative is distributed prior to final apportionment of the tax, the distributee shall provide a bond or other security for the apportionment liability in the form and amount prescribed by the personal representative.

(e) (1) In making an apportionment, allowances shall be made for any exemptions granted, any classification made of persons interested in the estate and for any deductions and credits allowed by the law imposing the tax.

(2) Any exemption or deduction allowed by reason of the relationship of any person to the decedent or by reason of the purposes of the gift inures to the benefit of the person bearing such relationship or receiving the gift; but if an interest is subject to a prior present interest which is not allowable as a deduction, the tax apportionable against the present interest shall be paid from principal.

(3) Any deduction for property previously taxed and any credit for gift taxes or death taxes of a foreign country paid by the decedent or his estate inures to the proportionate benefit of all persons liable to apportionment.

(4) Any credit for inheritance, succession or estate taxes or taxes in the nature thereof applicable to property or interests includable in the estate, inures to the benefit of the persons or interests chargeable with the payment thereof to the extent proportionately that the credit reduces the tax.

(5) To the extent that property passing to or in trust for a surviving spouse or any charitable, public or similar gift or devisee is not an allowable deduction for purposes of the tax solely by reason of an inheritance tax or other death estate tax imposed upon and deductible from the property, the property is not included in the computation provided for in subsection (b) hereof, and to that extent no apportionment is made against the property. The sentence immediately preceding does not apply to any case if the result would be to deprive the estate of a deduction otherwise allowable under section 2053(d) of the Internal Revenue Code of 1954, as amended, of the United States, relating to deduction for state death taxes on transfers for public, charitable, or religious uses.

(f) No interest in income and no estate for years or for life or other temporary interest in any property or fund is subject to apportionment as between the temporary interest and the remainder. The tax on the temporary interest and the tax, if any, on the remainder is chargeable against the corpus of the property or funds subject to the temporary interest and remainder.

(g) Neither the personal representative nor other person required to pay the tax is under any duty to institute any action to recover from any person interested in the estate the amount of the tax apportioned to the person until the expiration of the three months next following final determination of the tax. A personal representative or other person required to pay the tax who institutes the action within a reasonable time after the three month period is not subject to any liability or surcharge because any portion of the tax apportioned to any person interested in the estate was collectible at a time following the death of the decedent but thereafter became uncollectible. If the personal representative or other person required to pay the tax cannot collect from any person interested in the estate the amount of the tax apportioned to the person, the amount not recoverable shall be equitably apportioned among the other persons interested in the estate who are subject to apportionment.

(h) A personal representative acting in another state or a person required to pay the tax domiciled in another state may institute an action in the courts of this state and may recover a proportionate amount of the federal estate tax, of an estate tax payable to another state or of a death duty due by a decedent's estate to another state, from a person interested in the estate who is either domiciled in this state or who owns property in this state subject to attachment or execution. For the purposes of the action the determination of apportionment by the court having jurisdiction of the administration of the decedent's estate in the other state is prima facie correct.

Sec. 34. Minnesota Statutes 1978, Section 524.3-1001, is amended to read:

524.3-1001 [FORMAL PROCEEDINGS TERMINATING ADMINISTRATION; TESTATE OR INTTESTATE; ORDER OF DISTRIBUTION, DECREE, AND GENERAL PROTECTION.]

(a) (1) A personal representative or any interested person may petition for an order of complete settlement of the estate. The personal representative may petition at any time, and any other interested person may petition after one year from the appointment of the original personal representative except that no petition under this section may be entertained until the time for presenting claims which arose prior to the death of the decedent has expired. The petition may request the court to determine testacy, if not previously determined, to consider the final account or compel or approve an accounting and distribution, to construe any will or determine heirs and adjudicate the final settlement and distribution of the estate. After notice to all interested persons and hearing the court may enter an order or orders, on appropriate conditions, determining the persons en-

titled to distribution of the estate, and, as circumstances require, approving settlement and directing or approving distribution of the estate and discharging the personal representative from further claim or demand of any interested person.

(2) In such petition for complete settlement of the estate, the petitioner may apply for a decree. Upon the hearing, if in the best interests of interested persons, the court may issue its decree which shall determine the persons entitled to the estate and assign the same to them in lieu of ordering the assignment by the personal representative. The decree shall name the heirs and distributees, state their relationship to the decedent, describe the property, and state the proportions or part thereof to which each is entitled. In the estate of a testate decedent, no heirs shall be named in the decree unless all heirs be ascertained.

(3) In solvent estates, the hearing may be waived by written consent to the proposed account and decree of distribution or order of distribution by all heirs or distributees, and the court may then enter its order allowing the account and issue its decree or order of distribution.

(4) The court shall have the power in its decree or order of distribution to waive the lien of inheritance estate taxes, find that the taxes have been satisfied by payment or, decree the property subject to the lien; provided, however, where a decree or order for distribution is issued, the personal representative shall not be discharged until all property is paid or transferred to the persons entitled thereto, and has otherwise fully discharged his trust. If objections are filed with the court by the commissioner of revenue, no discharge shall be issued until the objections are determined. ~~The court shall send a copy of the decree, upon issuance, to the commissioner of revenue. If no objection is filed, the court shall have the power to settle and distribute the estate and discharge the personal representative without regard to tax obligations.~~

(b) If one or more heirs or devisees were omitted as parties in, or were not given notice of, a previous formal testacy proceeding, the court, on proper petition for an order of complete settlement of the estate under this section, and after notice to the omitted or unnotified persons and other interested parties determined to be interested on the assumption that the previous order concerning testacy is conclusive as to those given notice of the earlier proceeding, may determine testacy as it affects the omitted persons and confirm or alter the previous order of testacy as it affects all interested persons as appropriate in the light of the new proofs. In the absence of objection by an omitted or unnotified person, evidence received in the original testacy proceeding shall constitute prima facie proof of due execution of any will previously admitted to probate, or of the fact that the decedent left no valid will if the prior proceedings determined this fact.

Sec. 35. Minnesota Statutes 1978, Section 525.091, Subdivision 1, is amended to read:

525.091 [DESTRUCTION AND REPRODUCTION OF PROBATE RECORDS.] Subdivision 1. The clerk of court of any county upon order of the probate judge may destroy all the original documents in any proceeding of record in his office five years after the file in such proceeding has been closed provided the original or a Minnesota state archives commission approved photographic, photostatic, microphotographic, microfilmed, or similarly reproduced copy of the original of the following enumerated documents in the proceeding are on file in his office.

Enumerated original documents:

(a) In estates, the jurisdictional petition and proof of publication of the notice of hearing thereof; will and certificate of probate; letters; inventory and appraisal; ~~inheritance tax return or schedule of non-probate assets; inheritance tax return waiver or self assessed inheritance tax return;~~ orders directing and confirming sale, mortgage, lease, or for conveyance of real estate; order setting apart statutory selection; receipts for federal estate taxes and state ~~inheritance estate~~ taxes; orders of distribution and general protection; decrees of distribution; federal estate tax closing letter, consent to discharge by commissioner of revenue and order discharging representative; and any amendment of the listed documents.

When an estate is deemed closed as provided in clause (d) of this subdivision, the enumerated documents shall include all claims of creditors.

(b) In guardianships or conservatorships, the jurisdictional petition and order for hearing thereof with proof of service; letters; orders directing and confirming sale, mortgage, lease or for conveyance of real estate; order for restoration to capacity and order discharging guardian; and any amendment of the listed documents.

(c) In mental, inebriety, and indigent matters, the jurisdictional petition; report of examination; warrant of commitment; notice of discharge from institution, or notice of death and order for restoration to capacity; and any amendment of the listed documents.

(d) Except for the enumerated documents described in this subdivision, the clerk of probate court may destroy all other original documents in any proceeding without retaining any reproduction of the document. For the purpose of this subdivision, a proceeding in the probate court is deemed closed if no document has been filed in the proceeding for a period of 15 years, except in the cases of wills filed for safe-keeping and those containing wills of decedents not adjudicated upon.

Sec. 36. Minnesota Statutes 1978, Section 525.091, Subdivision 2, is amended to read:

Subd. 2. The clerk of probate court of any county upon order of the probate judge may destroy the original record books as enumerated in this subdivision provided a Minnesota state ar-

chives commission approved photographic, photostatic, microphotographic, microfilmed, or similarly reproduced copy of the original record book is on file in his office.

Enumerated original record books:

(a) All record books kept for recording in compliance with section 525.03, clauses (3), (4), (5) and (6).

(b) All record books kept for inheritance tax purposes in compliance with section ~~291.29~~, subdivisions 1 and 2, after the expiration of 15 years from the date of the last proceeding entered therein.

Sec. 37. Minnesota Statutes 1978, Section 525.312, is amended to read:

525.312 [DECREE OF DESCENT.] Upon the filing of such petition, the court shall fix the time and place for the hearing thereof, notice of which shall be given pursuant to section 524.1-401. Notice of the hearing, in the form prescribed by court rule, shall also be given under direction of the clerk of court by publication once a week for two consecutive weeks in a legal newspaper in the county where the hearing is to be held, the last publication of which is to be at least ten days before the time set for hearing. Upon proof of the petition and of the will if there be one, or upon proof of the petition and of an authenticated copy of a will duly proved and allowed outside of this state in accordance with the laws in force in the place where proved, if there be one, the court shall allow the same and enter its decree of descent assigning the real or personal property, or any interest therein, to the persons entitled thereto pursuant to the will or such authenticated copy, if there be one, otherwise pursuant to the laws of intestate succession in force at the time of the decedent's death. The court may appoint two or more disinterested persons to appraise the property. ~~No decree of descent shall be entered until the inheritance tax, if any, has been determined and paid.~~

Sec. 38. Minnesota Statutes 1978, Section 525.71, is amended to read:

525.71 [APPEALABLE ORDERS.] Appeals to the district court may be taken from any of the following orders, judgments, and decrees issued by a judge of the court under chapters 524 or 525:

- (1) An order admitting, or refusing to admit, a will to probate;
- (2) An order appointing, or refusing to appoint, or removing, or refusing to remove, a representative other than a special administrator or special guardian;
- (3) An order authorizing, or refusing to authorize, the sale, mortgage, or lease of real estate, or confirming, or refusing to confirm, the sale or lease of real estate;
- (4) An order directing, or refusing to direct, a conveyance or lease of real estate under contract;

(5) An order permitting, or refusing to permit, the filing of a claim, or allowing or disallowing a claim or counterclaim, in whole or in part, when the amount in controversy exceeds \$100;

(6) An order setting apart, or refusing to set apart, property, or making, or refusing to make, an allowance for the spouse or children;

(7) An order determining, or refusing to determine, venue; an order transferring, or refusing to transfer, venue;

(8) An order directing, or refusing to direct, the payment of a bequest or distributive share when the amount in controversy exceeds \$100;

(9) An order allowing, or refusing to allow, an account of a representative or any part thereof when the amount in controversy exceeds \$100;

(10) An order adjudging a person in contempt;

(11) An order vacating a previous appealable order, judgment, or decree; an order refusing to vacate a previous appealable order, judgment, or decree alleged to have been procured by fraud or misrepresentation, or through surprise or excusable inadvertence or neglect;

(12) A judgment or decree of partial or final distribution or an order determining or confirming distribution or any order of general protection;

(13) An order entered pursuant to section 576.142;

(14) An order granting or denying restoration to capacity;

(15) An order made directing, or refusing to direct, the payment of representative's fees or attorneys' fees, and in such case the representative and the attorney shall each be deemed an aggrieved party and entitled to take such appeal;

(16) An order, judgment, or decree relating to or affecting inheritance estate taxes or refusing to amend, modify, or vacate such an order, judgment, or decree; but nothing herein contained shall abridge the right of direct review by the supreme court;

(17) An order extending the time for the settlement of the estate beyond five years from the date of the appointment of the representative.

Sec. 39. Minnesota Statutes 1978, Section 525.74, is amended to read:

525.74 [DIRECT APPEAL TO SUPREME COURT.] A party aggrieved may appeal direct to the supreme court from an order determining or refusing to determine inheritance estate taxes upon a hearing on a prayer for reassessment and redetermination. Within 30 days after service of notice of the filing of such order, the appellant shall serve a notice of appeal upon all parties adversely interested or upon their attorneys and upon the probate judge. An appellant, other than the state, the veterans' administration,

or a representative appealing on behalf of the estate, shall file in the probate court a bond in such amount as that court may direct, conditioned to prosecute the appeal with due diligence to a final determination, pay all costs and disbursements and abide the order of the court therein. The notice of appeal with proof of service and the bond, if required, shall be filed in the probate court within ten days after the service of such notice and the appellant shall pay to such court the sum of \$15, of which \$10 shall be transmitted to the clerk of the supreme court, as provided by law for appeals in civil actions.

Such appeal shall stay all proceedings on the order appealed from. When a party in good faith gives due notice of appeal from such order and omits through mistake to do any other act necessary to perfect the appeal, or to stay proceedings, the court may permit an amendment on such terms as may be just. Upon perfection of the appeal, the probate court shall transmit to the clerk of the supreme court the \$10 aforementioned together with a certified copy of the notice of appeal and bond, if required. The filing thereof shall vest in the supreme court jurisdiction of the cause, and records shall be transmitted to the supreme court, and records and briefs shall be printed, served, and filed, and such appeal shall be heard and disposed of as in the case of appeals in civil actions from the district court. If a settled case be necessary, the probate court may settle a case upon the application of any party. The notice of the hearing upon such application and the case proposed to be settled shall be served on all other parties interested in the appeal at least eight days prior to the hearing.

Sec. 40. Minnesota Statutes 1978, Section 525.841, is amended to read:

525.841 [ESCHEAT RETURNED.] In all such cases the commissioner of finance shall be furnished with a certified copy of the court's order assigning the escheated property to the persons entitled thereto, and upon notification of payment of the inheritance estate tax, the commissioner of finance shall draw his warrant on the state treasurer, or execute a proper conveyance to the persons designated in such order. In the event any escheated property has been sold pursuant to sections 11.08 or 94.09 to 94.16, then the warrant shall be for the appraised value as established during the administration of the decedent's estate. There is hereby annually appropriated from any moneys in the state treasury not otherwise appropriated an amount sufficient to make payment to all such designated persons. No interest shall be allowed on any amount paid to such persons.

Sec. 41. [REPEALER.] *Minnesota Statutes 1978, Sections 3A.08; 291.02; 291.07, Subdivisions 2 and 2a; 291.09, Subdivisions 1, 2, 3 and 4; 291.10; 291.11, Subdivisions 2, 3, 4, 5, 6, 7, 8 and 9; 291.12, Subdivision 4; 291.19, Subdivision 5; 291.20, Subdivision 3; 291.21, Subdivision 2; 291.22; 291.23; 291.24; 291.25; 291.26; 291.29, Subdivisions 1, 2, 3 and 4; 291.30; 291.34; 291.35; 291.36; 291.37; 291.38; 291.39; 291.40; 292.01; 292.02; 292.03; 292.031;*

292.04; 292.05; 292.06; 292.07; 292.08; 292.09; 292.105; 292.111; 292.112; 292.12; 292.125; 292.14; and 292.15 are repealed.

Sec. 42. *There is appropriated for fiscal years 1980, 1981 and 1982 from the general fund to the commissioner of revenue the amounts necessary to make the refunds provided by section 5.*

Sec. 43. [EFFECTIVE DATE.] *The provisions of section 5 which relate to payments for military service while the decedent was missing in action shall be effective for estates of decedents declared dead after January 1, 1975. The provisions of section 26 shall be effective the day following final enactment and shall relate to returns filed pursuant to chapters 291 and 292 prior to and after the effective date of this article. The remainder of this article is effective for estates of decedents dying after December 31, 1979 and gifts made after December 31, 1979.*

ARTICLE XVIII GIFTS TO MINORS

Section 1. Minnesota Statutes 1978, Section 292.04, is amended to read:

292.04 [EXEMPTIONS.] The following transfers by gift shall be exempt from and excluded in computing the tax imposed by this chapter:

(1) Gifts to or for the use of the United States of America or any state or any political subdivision thereof for exclusively public purposes;

(2) Gifts to or for the use of any fund, foundation, trust, association, organization or corporation operated within this state for religious, charitable, scientific, literary, or educational purposes exclusively, including the promotion of the arts, or the conduct of a public cemetery, if no part thereof inures to the profit of any private shareholder or individual. Gifts to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, or educational purposes, including the promotion of the arts, or the conduct of a public cemetery, no part of which inures to the profit of any private shareholders or individual, shall be exempt, if at the date of the gift, the laws of the state under the laws of which the donee is organized or existing either (1) do not impose a gift tax in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contain a reciprocal provision under which gifts to a similar corporation, fund, foundation, trust, or association organized or existing under the laws of another state are exempt from gift taxes if such other state allows a similar exemption to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of such state;

(3) Gifts to a fraternal society, order, or association operating under the lodge system, but only if such gifts are to be used exclusively for the purposes designated in clause (2);

(4) Gifts to or for the use of posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units or societies are organized within the state of Minnesota and if such gifts are to be used exclusively for the purposes designated in clause (2);

(5) All property transferred, money, service, or other thing of value, paid, furnished, or delivered by any person, corporation, organization, or association to his or its employees, or to any organization of his or its employees, directly or indirectly, or to any person, firm, or corporation for them or it, including payments to cover insurance, sickness, and death benefits, pensions, relief activities, or to any other employees benefit fund of any kind, and medical service to such employees and their families;

(6) The first \$3,000 in value of gifts (other than of future interests in property) made to any person by the donor during any calendar year. No part of a gift to a minor donee shall be considered a gift of future interest in property for purposes of this clause if it complies with the provisions of the Minnesota uniform gifts to minors act, chapter 527, or if it is a transfer for the benefit of a minor, and if the property and income therefrom:

(a) May be expended by or for the benefit of the donee before his attaining the age of 18 21 years; and

(b) Will to the extent not so expended

(1) pass to the donee on his attaining the age of 18 21 years and

(2) in the event the donee dies before attaining the age of 18 21 years, be payable to the estate of the donee, or as he may appoint under a general power of appointment as defined in section 2514(C) of the Internal Revenue Code of 1954;

(7) Gifts to an employee stock ownership trust as defined in section 290.01, subdivision 5. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the exemption shall be reduced by the product of multiplying said amount by their percentage interest in the trust.

Sec. 2. [REFUND.] *Persons who paid gift taxes after June 1, 1973 on a transfer excludable pursuant to section 1 shall be entitled to a refund of taxes paid provided a claim is made to the commissioner pursuant to the procedures of section 292.12.*

Sec. 3. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of revenue the amount necessary to make the refunds provided by section 2.*

Sec. 4. [EFFECTIVE DATE.] *This article is retroactively effective June 1, 1973.*

ARTICLE XIX

TRUST AND ESTATE INCOME

Section 1. Minnesota Statutes 1978, Section 290.23, is amended by adding a subdivision to read:

Subd. 16. [INCOME FROM OUT-OF-STATE PROPERTY.] There shall be allowed as a deduction in computing the taxable net income of a trust or an estate the amount of income or gains from tangible personal or real property having a situs outside this state allocated to this state according to the provisions of section 290.17, subdivision 1.

Sec. 2. [EFFECTIVE DATE.] This article is effective for taxable years beginning after December 31, 1978.

ARTICLE XX

CAPITAL GAINS ON DISSOLUTION

Section 1. Minnesota Statutes 1978, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "homeowners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended.

For each of the taxable years beginning after December 31, 1960 and prior to January 1, 1971, the term "gross income" in its application to individuals, estates, and trusts, shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through December 31, 1970 for the applicable taxable year, with the modifications specified in this section.

For each of the taxable years beginning after December 31, 1970, the term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1970, shall be in effect for taxable years beginning after December 31, 1970 and prior to January 1, 1973.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1972, shall be in effect for taxable years beginning after December 31, 1972.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1973, shall be in effect for taxable years beginning after December 31, 1973.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for taxable years beginning after December 31, 1974.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H.R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of chapter 290 at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for nonrecognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income or obligations of any state other than Minnesota or a political subdivision of any such other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for such reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for such previous taxable year.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint or separate Min-

nesota income tax returns. In the case of separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1976, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (7) or under section 290.09, subdivision 24; and

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101; and

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses realized upon a transfer of property to the spouse of the taxpayer in exchange for the release of the spouse's marital rights;

~~(12)~~ (13) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, as amended through December 31, 1976, if the nonprofit corporation is domiciled outside of Minnesota;

~~(13)~~ (14) Exempt-interest dividends, as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1976, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, as amended through December 31, 1976, except for that portion of such exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

~~(14)~~ (15) The amount of any excluded gain realized by a trust on the sale or exchange of property as defined in section 641(c) (1).

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includi-

ble in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to fifty per centum of such portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of such securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from such losses;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether such amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code of 1954, as amended through December 31, 1977. The maximum amount of this subtraction shall be \$7,200 less than sum of (a) social security retirement benefits received during the taxable year, (b) railroad retirement benefits received during the taxable year, and (c) the amount by which the individual's federal adjusted gross income exceeds \$13,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be \$7,200 less the sum of social security retirement benefits and railroad retirement benefits; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$13,000;

(7) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) *To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain realized upon a transfer of property to the spouse of the taxpayer in exchange for the release of the spouse's marital rights;*

~~(8)~~ (9) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later; and

~~(9)~~ (10) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed after December 31, 1977 and before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60.

(c) Modifications affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954, or section 290.972 of this chapter.

(1) Shareholders in a small business corporation, which has elected to be so taxed under the Internal Revenue Code of 1954, but has not made an election under section 290.972 of this chapter, shall deduct from federal adjusted gross income the amount of any imputed income from such corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of such stock ownership. Also there shall be added to federal adjusted gross income the amount of any distributions in cash or property made by said corporation to its shareholders during the taxable year.

(2) In cases where the small business corporation has made an election under section 1372 of the Internal Revenue Code of 1954, but has not elected under section 290.972 of this chapter and said corporation is liquidated or the individual shareholder disposes of his stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, such shareholders shall be entitled, nevertheless, to a capital loss commensurate to their Minnesota basis for the stock.

(3) In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under section 290.972 of this chapter and at the close of the taxable year immediately preceding the effective election under section 290.972

the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that such reserve is distributed to shareholders such distribution shall be taxed as a dividend for purposes of this act.

Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that such amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1(2) in computing Minnesota inheritance tax liability shall not be allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have such amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 2. Minnesota Statutes 1978, Section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.] The basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

- (1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;
- (2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the

last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by such last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause (4), the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by such person, be the fair market value of the property at the date of decedent's death.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance tax purposes. In such case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on such property before the death of the decedent. Such basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities described in section 290.08; and property described in paragraphs (a), (b), (c) and (d) of this clause (4).

Clause (4) shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077. Nor shall it apply to restricted stock options described in section 290.078 which the employee has not exercised at death.

(5) If the property was acquired after December 31, 1932, upon an exchange described in section 290.13, subdivision 1, the basis shall be the same as in the case of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon such exchange under the law applicable to the year in which the exchange was made. If the property so acquired consisted in part of the type of property permitted by section 290.13, subdivision 1, to be received without the recognition of gain or loss, and in part of other property, the basis provided in this clause shall be allocated between the properties, other than money, received, and for the purpose of the allocation there shall be assigned to such other property an amount equivalent to its fair market value at the date of the exchange. This clause shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration, in whole or in part, for the transfer of the property to it;

(6) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as in the case of the stock or securities so sold or disposed of, increased by the excess of the repurchase price of such property over the sale price of such stock or securities, or decreased by the excess of the sale price of such stock or securities over the repurchase price of such property;

(7) If the property was acquired after December 31, 1932, as the result of a compulsory or involuntary conversion described in section 290.13, subdivision 5, the basis shall be the same as in the case of the property so converted, decreased in the amount of any money received by the taxpayer which was not expended in accordance with the provisions of law applicable to the year in which such conversion was made, determining the taxable status of the gain or loss upon such conversion, and increased in the amount of gain or decreased in the amount of loss to the taxpayer recognized upon such conversion under the law applicable to the year in which such conversion was made.

(8) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of such property, be increased or diminished on account of income derived by the lessor in respect of such property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of such property was included in gross income of the lessor for any taxable year beginning before Jan-

uary 1, 1943, the basis of each portion of such property shall be properly adjusted for the amount so included in gross income.

(9) If the property was acquired by the taxpayer as a transfer of property in exchange for the release of the taxpayer's marital rights, the basis of the property shall be the same as it would be if it were being sold or otherwise disposed of by the person who transferred the property to the taxpayer.

Sec. 3. [EFFECTIVE DATE.] This article is effective for taxable years beginning after December 31, 1978."

Further, amend the title, as follows:

Delete the title and insert:

"A bill for an act relating to taxation; expanding the taxable net income brackets for individuals, estates and trusts; increasing credits for certain low income taxpayers; increasing the credits against income tax and providing new personal credits for certain taxpayers; providing inflation adjustments; increasing the credit for political contributions; providing a political contribution deduction; providing computation of charitable contribution deductions; reducing certain income tax rates; providing an exclusion of \$12,000 for pension income; providing an exclusion from income for certain payments to members of the armed forces; reducing the income tax rate applicable to corporations; providing an investment credit; providing a pollution control credit; abolishing the inheritance tax; establishing an estate tax; repealing the gift tax; increasing local government aids; providing a residential energy credit; providing for an ad valorem tax on railroads; eliminating the limited market value; increasing the homestead base value; reducing certain property assessment ratios and increasing certain property tax credits; extending agricultural homestead treatment to noncontiguous lands; increasing certain property tax refund credits and providing an additional credit; providing for certain levies; providing an allowance for state owned lands; reducing the rate of sales and use tax on farm machinery; exempting certain sales from the sales tax; subtracting certain capital gains realized in divorce settlements; providing retroactive gift tax exemption for certain gifts to minors; appropriating money; amending Minnesota Statutes 1978, Sections 272.02, Subdivision 1; 273.11; 273.122; 273.13, Subdivisions 4, 6, 6a, 7 and 14a; 273.132; 273.17, Subdivision 1; 275.11, Subdivision 2; 275.50, Subdivisions 5 and 6; 275.51, by adding a subdivision; 275.52, Subdivisions 2 and 5; 290.01, Subdivision 20; 290.012, Subdivision 3; 290.06, Subdivisions 1, 2c, 3c, 3d, 9, 9a, 11 and by adding subdivisions; 290.09, Subdivisions 2, 28 and by adding a subdivision; 290.091; 290.095, by adding a subdivision; 290.14; 290.21, Subdivision 3; 290.23, by adding a subdivision; 290.26, Subdivision 2; 290.361, Subdivision 2; 290.971, Subdivisions 1, 3 and 6; 290.972, Subdivisions 1, 3 and 5; 290A.03, Subdivisions 3 and 11; 290.04, Subdivisions 2, 2a, 2b, 3, and by adding subdivisions; 291.005, Subdivision 1; 291.01; 291.03; 291.05; 291.051; 291.06; 291.065; 291.07, Subdivision 1;

291.08; 291.09, Subdivisions 5, 7 and by adding subdivisions; 291.11, Subdivision 1; 291.111, Subdivision 1; 291.132; 291.14; 291.19, Subdivision 3; 291.20, Subdivision 1; 291.27; 291.33, Subdivision 1; 292.04; 295.02; 297A.01, by adding a subdivision; 297A.02; 297A.14; 297A.24; 297A.25, Subdivision 1; 352.15, Subdivision 1; 353.15; 354.10; 354A.11; 477A.01, Subdivisions 1 and 4; 524.3-706; 524.3-916; 524.3-1001; 525.091, Subdivisions 1 and 2; 525.312; 525.71; 525.74; and 525.841; Chapters 124, by adding a section; 270, by adding sections; 291, by adding sections; and 298, by adding a section; repealing Minnesota Statutes 1978, Sections 3A.08; 275.51, Subdivision 3d; 290.06, Subdivisions 3e and 12; 290.21, Subdivision 3a; 290.971, Subdivision 5; 291.02; 291.07, Subdivisions 2 and 2a; 291.09, Subdivisions 1, 2, 3 and 4; 291.10; 291.11, Subdivisions 2, 3, 4, 5, 6, 7, 8 and 9; 291.12, Subdivision 4; 291.19, Subdivision 5; 291.20, Subdivision 3; 291.21, Subdivision 2; 291.22; 291.23; 291.24; 291.25; 291.26; 291.29, Subdivisions 1, 2, 3 and 4; 291.30; 291.34; 291.35; 291.36; 291.37; 291.38; 291.39; 291.40; 292.01; 292.02; 292.03; 292.031; 292.04; 292.05; 292.06; 292.07; 292.08; 292.09; 292.105; 292.111; 292.112; 292.12; 292.125; 292.14; 292.15; 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; and 295.14.”

The question was taken on the adoption of the amendment.

Mr. Coleman moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 18 and nays 42, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Kirchner	Pillsbury	Sillers
Bang	Engler	Knaak	Renneke	Ueland, A.
Bernhagen	Frederick	Knutson	Rued	
Brataas	Jensen	Ogdahl	Sieloff	

Those who voted in the negative were:

Anderson	Hughes	Menning	Peterson	Strand
Benedict	Humphrey	Merriam	Purfeerst	Stumpf
Chenoweth	Johnson	Moe	Schaaf	Tenessen
Coleman	Keefe, S.	Nelson	Schmitz	Vega
Davies	Kleinbaum	Nichols	Setzepfandt	Wegener
Dieterich	Knoll	Olhoff	Sikorski	Willet
Gearly	Lessard	Olson	Spear	
Gunderson	Luther	Penny	Staples	
Hanson	McCutcheon	Perpich	Stokowski	

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

Mr. Sieloff moved to amend H. F. No. 1495, as amended by the Senate May 14, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1567.)

Page 52, after line 13, insert:

"Sec. 20. Minnesota Statutes 1978, Section 290A.04, is amended by adding a subdivision to read:

Subd. 2c. If the net property taxes payable on a homestead in each of the years 1980 and 1981 increase more than ten percent over the net property taxes payable the preceding year, a claimant who is a homeowner shall be allowed an additional refund equal to the amount by which the increase exceeds ten percent. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead.

For purposes of this subdivision, "net property taxes payable" means property taxes payable after reductions made pursuant to section 273.13, subdivision 6, 7 and 14a, and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivisions 2, 2a and 2b.

In addition to proofs required pursuant to chapter 290A, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

Sec. 21. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of revenue the amounts necessary to make the payments provided in section 12."*

Page 52, line 27, after the period insert: "Section 20 is effective only for property tax refunds based on property taxes payable in 1980 and 1981."

Page 52, line 27, delete "21" and insert "23"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 17, after "amounts" insert "and providing an additional refund"

Page 2, line 6, after "2b," delete "and" and after "3" insert "and by adding a subdivision"

The question was taken on the adoption of the amendment.

Mr. McCutcheon moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 20 and nays 41, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Keefe, J.	Ogdahl	Sieloff
Bang	Engler	Kirchner	Pillsbury	Sillers
Bernhagen	Frederick	Knaak	Renneke	Ueland, A.
Brataas	Jensen	Knutson	Rued	Ulland, J.

Those who voted in the negative were:

Anderson	Humphrey	Merriam	Purfeerst	Strand
Benedict	Johnson	Moe	Schaaf	Tennessee
Chmielewski	Keefe, S.	Nelson	Schmitz	Vega
Coleman	Kleinbaum	Nichols	Setzepfandt	Wegener
Dieterich	Knoll	Olhoft	Sikorski	Willet
Gearty	Lessard	Olson	Solon	
Gunderson	Luther	Penny	Spear	
Hanson	McCutcheon	Perpich	Staples	
Hughes	Menning	Peterson	Stokowski	

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

Mr. Jensen moved to amend H. F. No. 1495, as amended by the Senate May 14, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1567.)

Page 18, line 32, delete "a subdivision" and insert "subdivisions"

Page 19, after line 24, insert:

"Subd. 3g. [INFLATION ADJUSTMENT.] The commissioner of revenue shall determine and announce by September 1, 1980, the percentage increase from June, 1979, to June, 1980, in the revised all urban consumer price index for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The taxable net income brackets in subdivision 2c and the income exclusion amounts contained in subdivision 3d shall be increased by that percentage rounded to the nearest dollar to produce the inflation adjusted taxable net income brackets and exclusion amounts for the taxable year beginning after December 31, 1979.

The commissioner of revenue shall determine and announce by September 1, 1981, and each succeeding year, the percentage increase from June, 1980, to June, 1981, and each year thereafter, in the revised all urban consumer price index described above. The taxable net income brackets in subdivision 2c and the income exclusion amounts contained in subdivision 3d as adjusted in the previous year shall be increased by that percentage rounded to the nearest dollar to produce the inflation adjusted taxable net income brackets and exclusion amounts for the taxable year beginning after December 31, 1980, and each succeeding taxable year."

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "providing an inflation adjustment;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 37, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Knaak	Renneke	Ueland, A.
Bernhagen	Jensen	Knutson	Rued	Ulland, J.
Brataas	Keefe, J.	Ogdahl	Sieloff	
Engler	Kirchner	Pillsbury	Sillers	

Those who voted in the negative were:

Anderson	Humphrey	Menning	Perpich	Stumpf
Benedict	Johnson	Merriam	Schaaf	Tennessen
Chmielewski	Keefe, S.	Moe	Setzepfandt	Vega
Dieterich	Kleinbaum	Nelson	Sikorski	Wegener
Gearty	Knoll	Nichols	Spear	Willet
Gunderson	Lessard	Olhoff	Staples	
Hanson	Luther	Olson	Stokowski	
Hughes	McCutcheon	Penny	Strand	

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

Mr. Sieloff moved to amend H. F. No. 1495, as amended by the Senate May 14, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1567.)

Page 25, lines 28 to 33, delete the new language

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 40, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Kirchner	Pillsbury	Sillers
Bang	Frederick	Knaak	Renneke	Ueland, A.
Bernhagen	Jensen	Knutson	Rued	Ulland, J.
Brataas	Keefe, J.	Ogdahl	Sieloff	

Those who voted in the negative were:

Anderson	Hughes	McCutcheon	Penny	Staples
Benedict	Humphrey	Menning	Perpich	Stokowski
Chmielewski	Johnson	Merriam	Peterson	Strand
Coleman	Keefe, S.	Moe	Schaaf	Stumpf
Dieterich	Kleinbaum	Nelson	Schmitz	Tennessen
Gearty	Knoll	Nichols	Setzepfandt	Vega
Gunderson	Lessard	Olhoff	Sikorski	Wegener
Hanson	Luther	Olson	Spear	Willet

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

H. F. No. 1495 was read the third time, as amended, and placed on its final passage.

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

Mr. McCutcheon moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Gearty	Johnson	Knoll
Ashbach	Coleman	Gunderson	Keefe, J.	Knutson
Bang	Dieterich	Hanson	Keefe, S.	Lessard
Benedict	Dunn	Hughes	Kirchner	Luther
Bernhagen	Engler	Humphrey	Kleinbaum	McCutcheon
Brataas	Frederick	Jensen	Knaak	Menning

Merriam	Penny	Schaaf	Spear	Ulland, J.
Moe	Perpich	Schmitz	Staples	Vega
Nelson	Peterson	Setzepfandt	Stokowski	Wegener
Nichols	Pillsbury	Sieloff	Strand	Willet
Ogdahl	Purfeerst	Sikorski	Stumpf	
Olhoff	Renneke	Sillers	Tennessen	
Olson	Rued	Solon	Ueland, A.	

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

Without objection, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Mr. Coleman from the Subcommittee on Bill Scheduling, to which were referred S. F. Nos. 1570, 1569, 437, 1548, 1032, 519, 977 and H. F. Nos. 643, 555, 912 makes the following report:

That the above Senate Files and House Files be placed on the General Orders Calendar in the order indicated.

That there were no other bills before the Subcommittee on which floor action was requested.

Mr. Coleman moved the adoption of the foregoing committee report. The motion prevailed. Report adopted.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Menning moved that H. F. No. 1037 be withdrawn from the Committee on Finance and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 1041 now on Special Orders. The motion prevailed.

Mr. Hanson moved that H. F. No. 257 be withdrawn from the Committee on Taxes and Tax Laws and re-referred to the Committee on Rules and Administration for comparison with S. F. No. 977 now on Special Orders. The motion prevailed.

RECESS

Mr. Coleman moved that the Senate do now recess until 8:30 o'clock p.m. The motion prevailed.

The hour of 8:30 o'clock p.m. having arrived, the President called the Senate to order.

MEMBERS EXCUSED

Mr. Olson was excused from the Session of today until 4:45 o'clock p.m. Mr. Laufenburger was excused from the Session of today at 5:15 o'clock p.m. Messrs. Peterson, Penny and Strand were excused from the Session of today from 5:00 to 5:30 o'clock p.m. Mr. Sikorski was excused from the Session of today from 5:00 to 5:45 o'clock p.m. Mr. Lessard was excused from the Session of today from 5:15 to 6:00 o'clock p.m.

CALL OF THE SENATE

Mr. Hanson imposed a call of the Senate. The following Senators answered to their names:

Benedict	Hughes	Merriam	Schaaf	Strand
Brataas	Humphrey	Moe	Schmitz	Stumpf
Chmielewski	Johnson	Nelson	Setzepfandt	Tennessee
Davies	Keefe, S.	Nichols	Sikorski	Vega
Dieterich	Kleinbaum	Olson	Solon	Wegener
Gearty	Lessard	Penny	Spear	Willet
Gunderson	Luther	Perpich	Staples	
Hanson	Menning	Purfeerst	Stokowski	

The Sergeant at Arms was instructed to bring in the absent members.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House accedes to the request of the Senate for the return of House File No. 1386 for further consideration.

H. F. No. 1386: A bill for an act relating to the city of St. Paul; fixing the rate of the franchise fee for utility supplies to residential dwellings.

House File No. 1386 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 14, 1979

RECONSIDERATION

Mr. Dieterich moved that the vote whereby H. F. No. 1386 was passed by the Senate on May 10, 1979, be now reconsidered. The motion prevailed.

Mr. Dieterich moved that the amendment made to H. F. No. 1386 by the Committee on Rules and Administration in the report adopted May 3, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H. F. No. 1386: A bill for an act relating to the city of St. Paul; fixing the rate of the franchise fee for utility supplies to residential dwellings.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 38 and nays 0, as follows:

Those who voted in the affirmative were:

Brataas	Hanson	McCutcheon	Perpich	Staples
Chmielewski	Hughes	Menning	Peterson	Stokowski
Coleman	Humphrey	Merriam	Purfeerst	Strand
Davies	Johnson	Moe	Schaaf	Stumpf
Dieterich	Keefe, S.	Nelson	Schmitz	Vega
Dunn	Knoll	Olhoft	Sikorski	Willet
Gearty	Lessard	Olson	Sillers	
Gunderson	Luther	Penny	Spear	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 534: A bill for an act relating to Murray County; allowing the county and local government units to participate in a federal railroad assistance program.

Mr. Menning moved to amend H. F. No. 534 as follows:

Page 1, line 7, after "County" insert ", Goodhue County"

Page 1, line 8, after "County" insert "and Goodhue County"

Amend the title as follows:

Page 1, line 2, delete "County" and insert "and Goodhue Counties"

The motion prevailed. So the amendment was adopted.

H. F. No. 534 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 36 and nays 1, as follows:

Those who voted in the affirmative were:

Brataas	Hughes	Menning	Purfeerst	Strand
Chmielewski	Humphrey	Moe	Schaaf	Tennessen
Davies	Johnson	Nelson	Schmitz	Vega
Dieterich	Keefe, S.	Olhoft	Setzepfandt	Willet
Dunn	Knoll	Olson	Sikorski	
Gearty	Lessard	Penny	Sillers	
Gunderson	Luther	Perpich	Staples	
Hanson	McCutcheon	Peterson	Stokowski	

Mr. Merriam voted in the negative.

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

SPECIAL ORDER

S. F. No. 960: A bill for an act relating to retirement; providing for a proportionate annuity at age 65 or older with one year of service; increasing the maximum earnings amount for a re-employed annuitant; amending Minnesota Statutes 1978, Sections 352.115, Subdivision 10; 353.37, Subdivision 1; 354.44, Subdivisions 1a and 5; 354A.21; and 356.32, Subdivision 1.

Mr. Strand moved to amend S. F. No. 960, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 352.01, Subdivision 11, is amended to read:

Subd. 11. [ALLOWABLE SERVICE.] "Allowable service" means:

(1) Any service rendered by an employee for which on or before July 1, 1957, he was entitled to allowable service credit on the records of the system by reason of employee contributions in the form of salary deductions, payments in lieu of salary deductions, or in any manner authorized by Minnesota Statutes 1953, Chapter 352, as amended by Laws 1955, Chapter 239, or

(2) Any service rendered by an employee for which on or before July 1, 1961, he elected to obtain credit for service by making payments to the fund pursuant to Minnesota Statutes 1961, Section 352.24, or

(3) *Except as provided in clause (11)*, any service rendered by an employee after July 1, 1957, for any calendar month in which he is paid salary from which deductions are made, deposited and credited in the fund, including deductions made, deposited and credited as provided in section 352.041, or

(4) *Except as provided in clause (11)*, any service rendered by an employee after July 1, 1957 for any calendar month for which payments in lieu of salary deductions are made, deposited and credited in the fund, as provided in section 352.27 and Minnesota Statutes 1957, Section 352.021, Subdivision 4.

(For purposes of paragraphs (3) and (4) of this subdivision, any salary paid for a fractional part of any calendar month is deemed the compensation for the entire calendar month. The board of directors of the Minnesota state retirement system shall establish rules governing the accrual of allowable service credit for less than full time employment.), or

(5) The period of absence from their duties by employees who by reason of injuries incurred in the performance thereof are temporarily disabled and for which disability the state is liable under the workers' compensation law until the date authorized by the director for the commencement of payments of a total and permanent disability benefit from the retirement fund, or

(6) The unused portion of an employee's annual leave allowance for which he is paid salary, or

(7) Any employee who made payment in installments in order to obtain additional service credit but failed to make the final payment on or before July 1, 1962 shall be entitled to have credit for all service for which the payments he made will entitle him under the provisions of Minnesota Statutes 1961, Section 352.24. In determining "the service for which the payments he made will

entitle him" service credit shall extend retroactively from the latest service for which he made payment, or

(8) Former state employees who hold numbered certificates of deferred annuity who again become state employees shall surrender such certificates and shall be entitled to full credit for the service covered by the surrendered certificates, or

(9) Any service covered by refundment repaid as provided in section 352.23 but does not include service rendered as an employee of the adjutant general for which the person has credit with the federal civil service retirement system, or

(10) Any service prior to the effective date of Laws 1978, Chapter 538 by an employee of the transit operating division of the metropolitan transit commission or by an employee on an authorized leave of absence from the transit operating division of the metropolitan transit commission who is employed by the labor organization which is the exclusive bargaining agent representing employees of the transit operating division which was credited by the metropolitan transit commission—transit operating division employees retirement fund or any of its predecessor plans or funds as past, intermediate, future, continuous or allowable service as defined in the metropolitan transit commission—transit operating division employees retirement fund plan document in effect on December 31, 1977, or

(11) *Any service by an employee of the metropolitan transit commission-transit operating division who is employed part time for less than 32 hours per week or 1,664 hours per year for which the employee is paid salary from which deductions are made, deposited and credited in the fund, including deductions made, deposited and credited as provided in section 352.041 or for which payments in lieu of salary deductions are made, deposited and credited in the fund as provided in section 352.27 shall be credited on a fractional basis either weekly or annually based upon the relationship that the number of hours of service bears to either 40 hours per week or 2,080 hours per year, with any salary paid for the fractional service credited on the basis of the rate of salary applicable for a full time week or a full time year.*

Sec. 2. Minnesota Statutes 1978, Section 352.01, Subdivision 16, is amended to read:

Subd. 16. [YEAR OF ALLOWABLE SERVICE.] "Year of allowable service" for any employee other than an employee of the metropolitan transit commission-transit operating division who is employed part time for less than 32 hours per week or 1,664 hours per year means any 12 calendar months not necessarily consecutive in which an employee is entitled to allowable service credit. It also means 12 months credit each calendar year for teachers in the state universities and state institutions who may or may not receive compensation in every month in the calendar year. For an employee of the metropolitan transit commission-transit operating division who is employed part time for less than 32 hours per week or 1,664 hours per year the term means at

least 1,664 hours of employment by the metropolitan transit commission-transit operating division during a year of 12 consecutive calendar months in which an employee is entitled to allowable service credit.

Sec. 3. Minnesota Statutes 1978, Section 352.115, Subdivision 10, is amended to read:

Subd. 10. [RE-EMPLOYMENT OF ANNUITANT.] Should any retired employee again become entitled to receive salary or wages from the state, or any employer who employs state employees as that term is defined in section 352.01, subdivision 2, other than salary or wages received as a temporary employee of the legislature during a legislative session, ~~his~~ the annuity or retirement allowance shall cease when ~~he~~ the retired employee has earned ~~\$2,000~~ \$3,280 or more in any calendar year during which the retired employee has not attained the age of at least 65 or when the retired employee has earned \$4,500 or more in any calendar year during which the person has attained the age of at least 65. The annuity shall be resumed when state service terminates, or, if the retired employee is still employed at the beginning of the next calendar year, at the beginning of such calendar year, and payment shall again terminate when ~~he~~ the retired employee has earned ~~\$3,000~~ the applicable re-employment earnings maximum specified in this subdivision. No payroll deductions for the retirement fund shall be made from the earnings of such a re-employed retired employee. If ~~such~~ the retired employee is granted a sick leave without pay, but not otherwise, the annuity or retirement allowance shall be resumed during the period of sick leave. No change shall be made in the monthly amount of such annuity or retirement allowance because of such employment.

Sec. 4. Minnesota Statutes 1978, Section 352.22, Subdivision 1, is amended to read:

352.22 [REFUND OR DEFERRED ANNUITIES.] Subdivision 1. [SERVICE TERMINATION.] Any employee who ceases to be a state employee by reason of termination of state service, shall be entitled to a ~~refundment~~ refund provided in subdivision 2 or a deferred retirement annuity as provided in subdivision 3. Application for a ~~refundment~~ refund may be made 60 30 or more days after the termination of state service if the applicant has not again become a state employee required to be covered by the system; ~~except that employees who attain mandatory retirement age and are required to retire and who are not eligible to receive an annuity under sections 352.115 or 352.72, may apply for refundment without any waiting period.~~

Sec. 5. Minnesota Statutes 1978, Section 352.22, Subdivision 10, is amended to read:

Subd. 10. [OTHER REFUNDS.] Former employees covered by the system who are or who shall become members of the highway patrolmen's retirement association, the state police officers retirement fund; , the state teacher's retirement association or employees

of the University of Minnesota excluded from coverage under the system by action of the board of regents; or labor service employees, excluded from coverage under section 352.01, subdivision 2B, (26); or employees of the adjutant general who under federal law effectually elect membership in a federal retirement system; or officers or employees of the senate or house of representatives, excluded from coverage under section 352.01, subdivision 2B(8), shall be entitled to a refundment without any waiting period, in an amount equal to their respective accumulated contributions without interest make application for a refund of their accumulated contributions plus interest as provided in subdivision 2, upon the expiration of 30 days or more after their coverage ceases, notwithstanding their continuance in state service but in positions not covered by this chapter.

Sec. 6. Minnesota Statutes 1978, Section 352.95, is amended to read:

352.95 [DISABILITY BENEFITS.] An employee who becomes totally and permanently disabled while in a covered correctional position shall have his disability benefit rights determined under section 352.113 except that when such person becomes 55 years of age he shall be deemed to be retired and shall be entitled to receive the benefit provided under section 352.113, subdivision 3, whether or not disabled at such age. An employee who receives a disability benefit shall not be entitled to an annuity under section 352.93, even though otherwise qualified, until reemployed in a covered correctional position for a period of at least one year. Subdivision 1. Any covered correctional employee less than 55 years of age who shall become disabled and physically unfit to perform the duties of the position as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty which shall render the employee physically or mentally unable to perform the duties, shall be entitled to a disability benefit based on covered correctional service only, in an amount equal to 50 percent of the average salary defined in section 352.93, plus an additional two percent for each year of covered correctional service in excess of 20 years pro-rated for completed months, to a maximum monthly benefit of 75 percent of the average monthly salary.

Subd. 2. Any covered correctional employee who after not less than five years of covered correctional service, before reaching the age of 55 shall become disabled and physically unfit to perform the duties of the position because of sickness or injury occurring while not engaged in covered employment, shall be entitled to a disability benefit based on covered correctional service only. The disability benefit shall be computed as provided in section 352.93, subdivisions 1 and 2, and computed as though the employee had at least 10 years of covered correctional service.

Subd. 3. No application for disability benefits shall be made until after the last day physically on the job. The disability benefit shall begin to accrue the day following the last day for which the employee is paid sick leave or annual leave, but in no event earlier than 60 days prior to the date the application is filed.

Subd. 4. The director shall have the employee examined by at least two licensed physicians designated by the medical advisor. These physicians shall make written reports to the director concerning the employee's disability, including medical opinions as to whether he or she is disabled within the meaning of this section. The director shall also obtain written certification from the employer stating whether the employee is on sick leave of absence because of a disability which will prevent further service to the employer, and as a consequence the employee is not entitled to compensation from the employer. If upon the consideration of the reports of the physicians and such other evidence as may have been supplied by the employee or others, the medical advisor finds the employee disabled within the meaning of this section, he shall make appropriate recommendation to the director in writing, together with the date from which the employee has been disabled, and the director shall thereupon determine the propriety of authorizing payment of a disability benefit as provided in this section. Unless payment of a disability benefit has terminated because the employee is no longer disabled, or because he or she has reached age 62, the disability benefit shall cease with the last payment received by the disabled employee or which had accrued in his or her lifetime. During the time that disability benefits are paid, the director shall have the right at reasonable times to require the disabled employee to submit proof of the continuance of the disability claimed. If any examination indicates to the medical advisor that the employee is no longer disabled, the disability payment shall be discontinued upon reinstatement to state service or within 60 days of such finding, whichever is sooner.

Subd. 5. The disability benefit paid to an employee hereunder shall terminate when the employee reaches age 62. At that time he or she shall be deemed to be a retired employee and may then elect to receive a normal retirement annuity computed in the manner provided in section 352.115 or an optional annuity as provided in section 352.116, subdivision 3, based on the same length of service as used in the calculation of the disability benefit. The reduction for retirement prior to age 65 as provided in section 352.116, subdivision 1, shall not be applicable. The savings clause provision of section 352.93, subdivision 3, shall be applicable.

Subd. 6. If the employee is entitled to receive a disability benefit as provided in subdivision 1 or 2 and has credit for less covered correctional service than the length of service upon which the correctional disability benefit is based, and also has credit for regular plan service, the employee shall be entitled to a disability benefit or deferred retirement annuity based on the regular plan service only for that service which when combined with the correctional service exceeds number of years on which the correctional disability benefit is based. The disabled employee who also has credit for regular plan service must in all respects qualify under the provisions of section 352.113 to be entitled to receive a disability benefit based on the regular plan service, except that the service may be combined to satisfy length of service requirements. Any deferred annuity to which the employee may be entitled

based on regular plan service shall be augmented as provided in section 352.72 while the employee is receiving a disability benefit under this section.

Subd. 7. Should the disabled employee resume a gainful occupation and his or her earnings are less than the salary received at the date of disability or the salary currently paid for similar positions, or should the employee be entitled to receive workers' compensation benefits, the disability benefit shall be continued in an amount which when added to such earnings and workers' compensation benefits does not exceed the salary received at the date of disability or the salary currently paid for similar positions, whichever is higher, provided the disability benefit in such case does not exceed the disability benefit originally authorized and in effect.

Sec. 7. Minnesota Statutes 1978, Section 353.37, Subdivision 1, is amended to read:

353.37 [PUBLIC RE-EMPLOYMENT OF ANNUITANT.] Subdivision 1. [EFFECT ON ANNUITY.] The annuity of a person otherwise eligible therefor under this chapter shall be suspended if ~~he~~ *the person* re-enters and ~~for as long as he~~ *the person* remains in public service as a non-elective employee of a governmental subdivision, if ~~his~~ *he* earned compensation for ~~such~~ *the re-employment service equals or exceeds \$3,000 \$3,280* in any calendar year during which ~~he~~ *he* has not attained the age of at least 65 or equals or exceeds \$4,500 in any calendar year during which ~~he~~ *he* has attained the age of at least 65 . The suspension of the annuity shall commence as of the first of the month in which the maximum permitted compensation is exceeded as herein provided, but shall ~~not~~ *only* apply to ~~any~~ *those* months in which the annuitant is ~~not~~ *actually* employed in non-elective service in a position covered by this chapter. Any annuitant of the association, who is elected to public office after ~~his~~ *his* retirement shall be entitled to hold such office and receive ~~his~~ *the* annuity otherwise payable from the public employees retirement association. Upon proper showing by an annuitant that ~~this~~ *ineligibility* the reason for the suspension of the annuity payments no longer exists, the monthly annuity payments shall be resumed. Public service performed by an annuitant subsequent to ~~his~~ *his* retirement under this chapter ~~does~~ *shall* not increase or decrease the amount of any annuity when ~~payments thereof are~~ *payment of the annuity is* resumed. The annuitant ~~is~~ *shall not be* required to make any further contributions to the retirement fund by reason of this subsequent public service.

Sec. 8. Minnesota Statutes 1978, Section 354.05, Subdivision 2, is amended to read:

Subd. 2. [TEACHER.] The word "teacher" includes any person who has rendered, is rendering, or shall hereafter render, service as a teacher, supervisor, principal, superintendent, or librarian in the public schools of the state, located outside of the corporate limits of the cities of the first class, in the state universities, or in any charitable or state institution including penal and corrective institutions supported, in whole or in part, by public funds, or who has

been engaged, is engaged, or shall hereafter be engaged, in educational administration in connection with the state public school system, including the state university system and state community college system, but excluding the university of Minnesota, whether the position be a public office or an employment, not including members of any general governing or managing board or body connected with such systems, or the officers of common, independent, special, or associated school districts, or unorganized territory. The term shall also include an employee of the teachers retirement association employed subsequent to July 1, 1969, and any nurse, counselor, social worker or psychologist who has rendered, is rendering or shall hereafter render service in the public schools as defined above or in state universities. The term shall also include any person who renders teaching service on a part time basis and who also renders other services for a school district. In such cases, the teachers retirement association shall have the authority to determine whether all or none of such combined employment will be covered by the teachers retirement association. The term does not mean any person who works for such school or institution as an independent contractor. ~~During any fiscal year,~~ The term also does not mean a person who works for a school or institution on a part time basis ~~where provided:~~ *(1) the person was not required to make contributions to the fund during the current fiscal year;* *(2) the person has certified that he has established and is contributing to an individual retirement account;* ~~provided that based on non-teaching employment;~~ *and (3) the certification is made annually and is made on a form prescribed by the executive director.* The term shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution.

Sec. 9. Minnesota Statutes 1978, Section 354.06, Subdivision 2, is amended to read:

Subd. 2. [OFFICERS; EMPLOYEES; EXPENSES OF FUND.] The board shall annually elect one of its members as president, . It shall elect an executive director, and fix his salary , who. *The executive director shall serve during the pleasure of the board and be the executive officer of the board, with such duties as the board shall prescribe. The board shall employ all other clerks and employees necessary to properly administer the fund. The cost and expense of administering the provisions of sections 354.05 to 354.10 this chapter shall be paid by the fund. The executive director shall*

be appointed by the board on the basis of fitness, experience in the retirement field and leadership ability. The executive director shall have had at least five years of experience on the administrative staff of a major retirement system.

Sec. 10. Minnesota Statutes 1978, Section 354.44, Subdivision 1a, is amended to read:

Subd. 1a. [MANDATORY RETIREMENT.] Notwithstanding the provisions of sections 43.30 or 197.45 to 197.48, a member shall terminate employment on August 31, 1976, or at the end of the academic year in which the member reaches the age of 65, whichever is later. For purposes of this subdivision, academic year shall be deemed to end August 31. A member who terminates employment at any time during the academic year at the end of which such person is required to terminate employment pursuant to this subdivision ~~age 65 or older~~ shall, for the purpose of determining eligibility for a proportionate retirement annuity, be considered to have been required to terminate employment at age 65 or ~~earlier~~ *older* pursuant to ~~this subdivision~~ *section 356.32*. Nothing contained in this subdivision shall preclude an employer unit covered by this chapter from employing a retired teacher as a substitute or part time teacher; provided, no teacher required to terminate employment by this subdivision shall resume membership in the retirement association by virtue of employment as a substitute or part time teacher; provided further that upon having earned ~~\$3,000~~ *\$4,500* in any academic year from employment as a substitute or part time teacher, any person over the age of 65 years shall terminate employment for the remainder of that academic year.

Sec. 11. Minnesota Statutes 1978, Section 354.44, Subdivision 5, is amended to read:

Subd. 5. [RESUMPTION OF TEACHING.] ~~A teacher~~ *Any person* who retired under any provision of any retirement law applicable to schools and institutions covered by the provisions of this chapter and has thereafter resumed teaching in any school or institution to which such sections apply shall continue to receive payments in accordance with such annuity except that during any quarter in which ~~his~~ *the person's* income from ~~such~~ *the* teaching service for any person under the age of 65 exceeds the sum of ~~\$800~~ *\$820* and for any person over the age of 65 but under the age of 72 exceeds the sum of ~~\$1,125~~ *\$1,125*; the amount in excess of ~~\$800~~ *the applicable re-employment income maximum specified in this subdivision* shall be deducted from the annuity payable for the quarter immediately following the quarter in which the excess amount was earned. After a ~~member~~ *person* has reached the age of 72 ~~he~~ *the person* shall receive ~~his~~ *the* annuity in full regardless of the amount of income.

Sec. 12. Minnesota Statutes 1978, Section 354.44, is amended by adding a subdivision to read:

Subd. 8. *Payment of an annuity or benefit for a given month shall be mailed during the first week of that month. Evidence of receipt of the check issued in payment of an annuity or bene-*

fit shall be submitted quarterly by the payee or a banking institution on a form prescribed by the executive director. In the event the required evidence of receipt form is not submitted, future annuities or benefits will be withheld until the form is submitted.

Sec. 13. Minnesota Statutes 1978, Section 354.47, Subdivision 1, is amended to read:

354.47 [REFUND AFTER DEATH.] Subdivision 1. [DEATH BEFORE RETIREMENT.] (1) If a member dies before retirement and is covered under the provisions of section 354.44, subdivision 2, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1 is payable to the survivors of a basic member, there shall be paid to his surviving ~~dependent~~ spouse or if there is no surviving ~~dependent~~ spouse to his designated beneficiary an amount equal to his accumulated deductions with interest credited to his account to the date of death.

(2) If a member dies before retirement and is covered under the provisions of section 354.44, subdivisions 6 and 7, and neither an optional annuity nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1 is payable to the survivors of a basic member, there shall be paid to his surviving ~~dependent~~ spouse or if there is no surviving ~~dependent~~ spouse to his designated beneficiary an amount equal to his accumulated deductions credited to his account as of June 30, 1957 and from July 1, 1957 to the date of death his accumulated deductions plus interest at the rate of three and one-half percent per annum compounded annually.

(3) The amounts payable in clauses (1) or (2) are in addition to the amount payable in section 354.62, subdivision 5, for the member's variable annuity account.

Sec. 14. Minnesota Statutes 1978, Section 354A.21, is amended to read:

354A.21 [MANDATORY RETIREMENT; PROPORTIONATE ANNUITY.] Notwithstanding the provisions of sections 197.45 to 197.48 or 354A.05, a teacher subject to the provisions of this chapter shall terminate employment on August 31, 1976, or at the end of the academic year in which such teacher reaches the age of 65, whichever is later. For purposes of this section, an academic year shall be deemed to end August 31. A teacher who terminates employment at any time during the academic year at the end of which such person is required to terminate employment pursuant to this section and who has less than the minimum required number of years of service to otherwise qualify for a retirement annuity shall be entitled upon application to a proportionate retirement annuity based on service prior to termination. Nothing contained in this subdivision shall preclude a district from employing a retired teacher as a substitute teacher; provided, no teacher required to terminate employment by this section shall resume membership in the retirement association

by virtue of employment as a substitute teacher; provided further that upon having earned ~~\$3,000~~ \$4,500 in any academic year from employment as a substitute teacher, any person over the age of 65 years shall terminate employment for the remainder of that academic year.

Sec. 15. Minnesota Statutes 1978, Section 356.32, Subdivision 1, is amended to read:

356.32 [PROPORTIONATE ANNUITY AT AGE 65.] Subdivision 1. [PROPORTIONATE RETIREMENT ANNUITY.] Notwithstanding any provision to the contrary of the laws governing any of the retirement funds referred to in subdivision 2, any person who is employed in a position covered by an active member of any such applicable fund, who has credit for at least three years one year but less than ten years of allowable service in such fund or a combination of such one or more of the applicable funds, and who is required to terminate service pursuant to a mandatory retirement statute, or who terminates active service at age 65 or older for any reason shall be entitled upon making written application on the form prescribed by executive director or executive secretary of the fund to a proportionate retirement annuity from each such applicable fund in which he the person has allowable service credit; . The proportionate annuity shall be calculated under the applicable laws governing annuities based upon his allowable service credit at the time of mandatory retirement; provided, however, that and the person's average salary for the highest five successive years of allowable service or the average salary for the entire period of allowable service if less than five years. Nothing in this section shall prevent the actuarial imposition of the appropriate early retirement reduction of an annuity for which application is made commences prior to normal retirement age.

Sec. 16. Minnesota Statutes 1978, Section 473.417, is amended to read:

473.417 [ADDITIONAL EMPLOYER OBLIGATION TO AMORTIZE UNFUNDED ACCRUED LIABILITIES.] In order to amortize the additional unfunded accrued liability incurred by the Minnesota state retirement system as a result of the consolidation of the metropolitan transit commission—transit operating division employees retirement fund, and to place the metropolitan transit commission on an equivalent basis with the other employing units and agencies having employees covered by the Minnesota state retirement system, the metropolitan transit commission shall make an annual contribution to the Minnesota state retirement system in addition to the employer contribution specified in section 352.04, subdivision 3. The additional contribution shall be an amount equal to three and eight-tenths percent of the salaries of employees of the transit operating division on each payroll abstract, commencing July 1, 1978, and payable for a period of 20 years until the unfunded accrued liability amount of \$7,260,518 plus compound interest from July 1, 1978 at the rate of six percent per annum on the average unpaid balance is amortized, as determined by the executive director of the Minnesota state retirement system.

Sec. 17. Minnesota Statutes 1978, Section 473.418, is amended to read:

473.418 [DISABILITY AND SURVIVORSHIP COVERAGE.] From and after the effective date of Laws 1978, Chapter 538, the metropolitan transit commission shall provide for all active employees of the transit operating division of the metropolitan transit commission disability and survivorship coverage which, when added to the disability benefit or the survivorship benefit payable from the Minnesota state retirement system pursuant to sections 352.113 or 352.12, subdivision 2, will at least equal the disability benefit or the survivorship benefit which that employee at the time of disability or the employee's surviving spouse at the time of the death of the employee while on active duty would have been entitled to receive under the disability benefit or survivor of active employee deceased while on active duty benefit provisions of the metropolitan transit commission—transit operating division employees retirement fund plan document in effect on December 31, 1977. *The metropolitan transit commission shall not be required to provide any supplementary disability benefit coverage or benefit amount to replace the amount of any reduction in any disability payable from the Minnesota state retirement system due to the receipt of benefits under the workers' compensation law unless no offset of the amount of workers' compensation benefits from the amount of a disability benefit was required pursuant to the provisions of article ten of the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on December 31, 1977.* The metropolitan transit commission may elect to provide the additional disability and survivorship coverage either through contract with an insurance carrier or through self insurance. If the commission elects to provide the coverage through an insurance contract, the chairman of the metropolitan transit commission is authorized to request bids from, or to negotiate with, insurance carriers and to enter into contracts with carriers which in the judgment of the commission are best qualified to underwrite and service this insurance benefit coverage. The commission shall consider factors such as the cost of the contracts as well as the service capabilities, character, financial position and reputation with respect to carriers under consideration, as well as any other factors which the commission deems appropriate. The disability and survivorship insurance contract with the particular insurance carrier shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in absence of notice of termination by either party. The disability and survivorship insurance contract shall contain a detailed statement of benefits offered, maximums, limitations and exclusions. A summary description of the essential terms of the contract shall be provided by the commission to the labor organization which is the exclusive bargaining agent representing employees of the transit operating division of the metropolitan transit commission and to each active employee of the transit operating division. The determination of whether the disability or survivorship insurance coverage meets the minimum requirements of this section shall

be made by the commission upon consultation with the executive director of the Minnesota state retirement system. If the disability or survivorship coverage provided by the metropolitan transit commission fails at any time after the effective date of Laws 1978, Chapter 538 to meet the requirements of this section as to the level of disability or survivorship coverage to be provided, the deficiency in the actual benefits provided shall continue to be an obligation of the commission. Notwithstanding any provisions of chapter 179 to the contrary, the labor organization which is the exclusive bargaining agent representing employees of the transit operating division of the metropolitan transit commission may meet and bargain with the commission on an increase in the level of disability or survivor of active employee deceased while on active duty coverage to be provided by the commission at the same time that wages and other terms and conditions of employment are considered.

Sec. 18. Laws 1978, Chapter 538, Section 21, is amended to read:

Sec. 21. [RETROACTIVE EFFECT.] This act shall have retroactive application for any person who, on or after January 1, 1978, but prior to July 1, 1978,

(a) terminates active service from the transit operating division of the metropolitan transit commission with less than ten years of active service;

(b) terminates active service from the transit operating division of the metropolitan transit commission with at least ten years of active service;

(c) becomes so disabled that the person is unable to continue to perform his duties as an active employee of the transit operating division of the metropolitan transit commission within the meaning of article ten of the most recent collective bargaining agreement in force between the metropolitan transit commission and the labor organization which is the exclusive bargaining agent representing employees of the transit operating division of the metropolitan transit commission and has at least five years of active service; or

(d) becomes the surviving spouse of a former active employee of the transit operating division of the metropolitan transit commission who dies as a result of an accident which occurs during his employment with the transit operating division.

Any person obtaining the status described in clause (a) shall be entitled, *upon application*, to receive *either* a refund of employee contributions under section 352.22, subdivision 2a *or a retirement allowance computed in the manner provided in article seven and payable at the minimum age specified in article eight of the metropolitan transit commission-transit operating division employees retirement fund document in effect on December 31, 1977. Any retirement allowance payable pursuant to this section shall be payable on the first day of the month next following the filing of the application and the first allowance check or warrant*

shall include payment retroactive to the date of retirement. If any person has taken a refund of employee contributions pursuant to this section and article 12 of the metropolitan transit commission-transit operating division employees retirement fund document in effect on December 31, 1977 prior to the effective date of this act, the person shall, notwithstanding that the person is no longer an active employee, be entitled to repay the refund plus interest at the rate of six percent per annum compounded annually from the date of the refund to the date of repayment. Any person obtaining the status described in clause (b) who is at least age 55 shall be entitled to receive an annuity under section 352.115, subdivisions 2 and 3, notwithstanding that the person had not attained the minimum age specified in section 352.115, subdivision 1, at the time of the commencement of the annuity; provided, however, that the early retirement reduction factor specified in section 352.116, subdivision 1, shall apply unless the age of the person at the commencement of the annuity was at least 65 if the person had credit for ten or more years of service, or was at least age 62 if the person had credit for 30 or more years of service. Any person obtaining the status described in clause (c) shall be entitled to receive a benefit in an amount equal to the accrued retirement annuity computed pursuant to section 352.115, subdivisions 2 and 3, without the reduction for early commencement of the benefit set forth in section 352.116, with a minimum disability benefit of \$130 per month and a maximum disability benefit of the amount of the disability benefit which, when added to any earnings from partial or total re-employment, shall not exceed 85 percent of the current top rate of salary paid to the employment position classification held by the person at the time of the occurrence of the disability. Upon the commencement of a disability under this section, section 352.113, subdivisions 1 through 11 shall not be considered applicable to that person. Any person obtaining the status described in clause (d) shall be entitled to receive a benefit in an amount equal to the benefit provided by section 352.12, subdivision 2, notwithstanding the fact that the former active employee may not have attained one of the ages or have been credited with one of the lengths of service specified in that subdivision.

Any person entitled to receive an increase pursuant to section 10 of this act shall be entitled to receive the increase retroactively to January 1, 1978. The first payment of retirement allowances or annuities, disability benefits, survivorship annuities or survivorship benefits shall include the retroactive amounts.

Sec. 19. [METROPOLITAN TRANSIT COMMISSION-TRANSIT OPERATING DIVISION EMPLOYEES; CREDIT FOR MILITARY SERVICE.] *Any employee of the metropolitan transit commission operating division who was on a leave of absence to enter military service on July 1, 1978, who has not taken a refund of employee contributions as authorized by article 12 of the metropolitan transit commission-transit operating division employees retirement fund document or Minnesota Statutes, Section 352.22, Subdivision 2a, and who returns to service as an em-*

ployee of the metropolitan transit commission-transit operating division upon discharge from military service as provided in Minnesota Statutes, Section 192.262 shall be entitled to receive allowable service credit for the period of military service. If an employee has taken a refund of employee contributions as authorized, and would otherwise be entitled to receive allowable service credit pursuant to this section, the employee shall be entitled to receive allowable service credit for the period of military service upon repayment to the executive director of the Minnesota state retirement system of the amount refunded plus interest at the rate of six percent per annum compounded annually from the date on which the refund was taken to the date of repayment. No employee shall be entitled to receive allowable service credit for any voluntary extensions of military service at the instance of the employee beyond any initial period of enlistment, induction or call to active duty.

Sec. 20. *Minnesota Statutes 1978, Section 352.22, Subdivision 11, is repealed.*

Sec. 21. *This act is effective the day following final enactment.*"

Delete the title in its entirety and insert:

"A bill for an act relating to retirement; various retirement funds; providing for a proportionate annuity at age 65 or older with one year of service; increasing the maximum earnings amount for a re-employed annuitant; clarifying applications for refunds from the Minnesota state retirement system; providing an occupational disability benefit in the Minnesota state retirement system correctional employees retirement plan; establishing qualifications for the executive director of the teachers retirement association; requiring annuitants and benefit recipients of the teachers retirement association to file quarterly evidence of receipt cards; removing the requirement for dependency for entitlement to certain refunds from the teachers retirement association; clarifying the amortization obligation of the metropolitan transit commission to the Minnesota state retirement system; calculating service credit for certain part time transit operating division employees covered by the Minnesota state retirement system; clarifying the provision of minimum disability coverage by the metropolitan transit commission; providing a retirement annuity from the Minnesota state retirement system to certain former transit operating division employees; providing for a purchase of service credit of certain military service leaves of absence for transit operating division employees; amending Minnesota Statutes, 1978, Sections 352.01, Subdivisions 11 and 16; 352.115, Subdivision 10; 352.22, Subdivisions 1 and 10; 352.95; 353.37, Subdivision 1; 354.05, Subdivision 2; 354.06, Subdivision 2; 354.44, Subdivisions 1a, 5 and by adding a subdivision; 354.47, Subdivision 1; 354A.21; 356.32, Subdivision 1; 473.417; 473.418; and Laws 1978, Chapter 538, Section 21; repealing Minnesota Statutes 1978, Section 352.22, Subdivision 11."

The motion prevailed. So the amendment was adopted.

Mr. Davies moved to amend the Strand amendment to S. F. No. 960, adopted by the Senate May 14, 1979, as follows:

Page 24, after line 8, insert:

"Sec. 20. [LIMITATION ON NONFORFEITABLE ENTITLEMENT TO BENEFIT INCREASE.] *No current annuitant, disabilitant or survivor benefit recipient and no active or inactive member of any retirement fund to which this act applies shall acquire a nonforfeitable interest in, or entitlement to, any modification in the benefit plan of the fund contained in this act or be entitled to bring any action based on any modification in the benefit plan of the fund contained in this act until a period of two years commencing with the date on which the benefit plan modification becomes effective has expired."*

Renumber the sections in sequence

The motion prevailed. So the amendment to the Strand amendment was adopted.

S. F. No. 960: A bill for an act relating to retirement; various retirement funds; providing for a proportionate annuity at age 65 or older with one year of service; increasing the maximum earnings amount for a re-employed annuitant; clarifying applications for refunds from the Minnesota state retirement system; providing an occupational disability benefit in the Minnesota state retirement system correctional employees retirement plan; establishing qualifications for the executive director of the teachers retirement association; requiring annuitants and benefit recipients of the teachers retirement association to file quarterly evidence of receipt cards; removing the requirement for dependency for entitlement to certain refunds from the teachers retirement association; clarifying the amortization obligation of the metropolitan transit commission to the Minnesota state retirement system; calculating service credit for certain part time transit operating division employees covered by the Minnesota state retirement system; clarifying the provision of minimum disability coverage by the metropolitan transit commission; providing a retirement annuity from the Minnesota state retirement system to certain former transit operating division employees; providing for a purchase of service credit of certain military service leaves of absence for transit operating division employees; amending Minnesota Statutes 1978, Sections 352.01, Subdivisions 11 and 16; 352.115, Subdivision 10; 352.22, Subdivisions 1 and 10; 352.95; 353.37, Subdivision 1; 354.05, Subdivision 2; 354.06, Subdivision 2; 354.44, Subdivisions 1a, 5 and by adding a subdivision; 354.47, Subdivision 1; 354A.21; 356.32, Subdivision 1; 473.417; 473.418; and Laws 1978, Chapter 538, Section 21; repealing Minnesota Statutes 1978, Section 352.22, Subdivision 11.

Was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 39 and nays 5, as follows:

Those who voted in the affirmative were:

Benedict	Frederick	Luther	Purfeerst	Staples
Bernhagen	Gearty	McCutcheon	Rued	Stokowski
Brataas	Gunderson	Menning	Schaaf	Strand
Chmielewski	Hanson	Moe	Schmitz	Stumpf
Davies	Hughes	Nelson	Setzepfandt	Ulland, J.
Dieterich	Johnson	Olhoft	Sieloff	Vega
Dunn	Kirchner	Peterson	Sillers	Willet
Engler	Knoll	Pillsbury	Solon	

Those who voted in the negative were:

Lessard	Merriam	Penny	Perpich	Tennessee
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So the bill, as amended, passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 961: A bill for an act relating to retirement; volunteer firefighters' relief association and independent nonprofit fire-fighting corporations; providing for a flexible statutory service pension maximum; providing a procedure for the recognition of a funding surplus in the calculation of the financial requirements of a relief association and the minimum obligation of a municipality; clarifying the calculation of the time period for the amortization of unfunded accrued liabilities of volunteer firefighters' relief associations; clarifying and updating various ambiguous and obsolete provisions regarding the fire state aid program, the authorization of retirement benefits for volunteer firefighters and the mandated guidelines for the financing of volunteer firefighters' relief associations; amending Minnesota Statutes 1978, Sections 69.771; 69.772, Subdivisions 1, 2, 3, 4, 5, 6, and by adding a subdivision; 69.773; and 69.774; and Laws 1963, Chapter 429, Section 1; Laws 1967, Chapters 575, Sections 1, Subdivision 1; and 2; 829, Section 1; Laws 1969, Chapters 526, Section 2a, as added; 664, Section 1; Laws 1971, Chapters 114, Section 10; 127, Section 1; 140, Section 7; and 214, Sections 1, as amended, and 2; Laws 1973, Chapters 304, Section 4; and 472, Section 1, as amended; Laws 1975, Chapter 237, Sections 1 and 2; Laws 1976, Chapter 209, Section 1; Laws 1977, Chapter 374, Sections 41; 50, Subdivision 2; 51; and 57; Laws 1978, Chapter 685, Sections 1 and 4; repealing Minnesota Statutes 1978, Sections 69.04; 69.055; 69.06; 69.22; 69.23; 69.24; 69.66; 69.67; 69.68; 69.691; 424.30; and 424.31; Laws 1959, Chapter 324; Laws 1965, Chapters 592, Section 1; and 598, Section 1; Laws 1967, Chapters 575, Section 1, Subdivision 2; 742, Section 1; 815, Sections 1 and 2, Subdivision 1; and 831; Laws 1969, Chapters 252, Section 1, Subdivisions 1 and 2; 526, Sections 1 and 2; 530; 644, Section 1; 714; 719, Section 1; 877; 1088, Section 2, Subdivision 1; and 1105, Sections 1, 2 and 3; Laws 1971, Chapters 2; 114, Section 3, Subdivision 2; 140, Section 1; 184, Section 1, Subdivisions 1 and 2; 200; and 233; Laws 1973, Chapters 30, Section 1, Subdivision 1; 33; 166; 170; 173; 175; 181; 182; 280; 283, Section 1; 288; 304, Section 1, Subdivision 2; 311; and 464; Laws 1974, Chapters 112; Laws 1975, Chapters 36; 43; 117; 118; 119; 124; 125; 178; 197; 229, Section 1; 306, Section 33, Subdi-

visions 1 and 2; and 367; Laws 1976, Chapters 71; 97; 100, Section 1, Subdivisions 1 and 3; 206; 208; 214; 267; 272, Section 2; and 288, Section 1; Laws 1977, Chapters 294; 295; and 374, Section 50, Subdivision 1; Laws 1978, Chapters 599, Section 1, Subdivisions 2 and 3; 606; 617, Section 1; 622; 631; 673; 683, Sections 1 and 2, Subdivision 1; 753, Section 2, Subdivisions 1 and 1a; and 754.

Mr. Peterson moved to amend S. F. No. 961, as follows:

Page 3, line 20, delete the new language

Page 3, delete lines 21 and 22

Page 3, line 23, delete "and the"

Page 4, line 1, after "The" reinstate the stricken language

Page 4, line 2, reinstate the stricken language and delete "state auditor"

Page 4, line 22, delete "33" and insert "12"

Page 8, delete lines 7 to 33 and insert:

"Subd. 2a. [DETERMINATION OF ACCRUED LIABILITY FOR RECIPIENTS OF INSTALLMENT PAYMENTS.] Each firefighters' relief association which pays a lump sum service pension in installment payments to a retired firefighter pursuant to section 12, subdivision 8, shall determine the accrued liability of the special fund of the firefighters' relief association relative to each retired member receiving a lump sum service pension in installment payments calculated individually as the sum of each future installment payment discounted at an interest rate of five percent, compounded annually, from the date the installment payment is scheduled to be paid to December 31. The sum of the accrued liability attributable to each retired member of the relief association receiving a lump sum service pension in installment payments shall be the total additional accrued liability of the special fund of the relief association as of December 31, and shall be added to the accrued liability of the special fund of the relief association calculated pursuant to subdivision 2 for purposes of calculating the financial requirements of the relief association and the minimum obligation of the municipality pursuant to subdivision 3."

Page 9, delete lines 1 to 14

Page 23, line 12, after "included" delete the balance of the line

Page 23, line 13, before "in" delete the new language and strike the old language

Page 27, line 11, after "association." insert "In the case of a member who has completed at least ten years of active service as an active member of the municipal fire department to which the relief association is associated or of the independent nonprofit firefighting corporation to which the relief association is subsidiary on the date that the volunteer firefighters' relief association is es-

established and incorporated, the requirement that the member complete at least ten years of active membership with the volunteer firefighter's relief association or volunteer firefighters' account prior to separation from active service may be waived by the board of trustees of the relief association if the member completes at least ten years of inactive membership with the volunteer firefighters' relief association or volunteer firefighters' account prior to the payment of the service pension. During the period of inactive membership, the member shall not be entitled to receive any disability benefit coverage, shall not be entitled to receive any additional service credit towards computation of a service pension, and shall be deemed to have the status of a person entitled to a deferred service pension pursuant to subdivision 7."

Page 35, line 17, after "installments" insert a period and delete the balance of the line and insert:

"The election of installment payments shall be irrevocable and shall be made by the retiring member in writing and filed with the secretary of the relief association no later than 30 days prior to the commencement of payment of the service pension. The amount of the installment payments shall be determined so that the present value of the aggregate installment payments computed at an interest rate of five percent, compounded annually, is equal to the amount of the single lump sum payment which would have been made had the installment payments option not been elected. The payment of each installment shall include interest at the rate of five percent, compounded annually on the reserve supporting the remaining installment payments as of the date on which the previous installment payment was paid computed from the date on which the previous installment payment was paid to the date of payment for the current installment payment."

Page 35, delete lines 18 to 33 and page 36, delete lines 1 to 4

Page 37, line 11, delete "state auditor" and insert "commissioner of insurance"

Page 37, line 13, delete "state auditor" and insert "commissioner of insurance"

Page 37, line 22, delete "state auditor" and insert "commissioner of insurance"

Page 38, line 22, after "be" delete the balance of the line

Page 38, delete lines 23 to 25

Page 38, line 26, delete "4, shall not be"

Page 45, line 11, after "state" insert "as of December 31 of the year preceding the filing of the report"

Page 46, delete lines 4 to 6

Page 46, line 7, delete "(13)" and insert "(10)"

Page 46, line 8, delete "(14)" and insert "(11)"

Page 46, line 9, delete "(15)" and insert "(12)"

Page 46, delete lines 10 to 12

Page 46, line 13, delete "(18)" and insert "(13)"

Page 46, line 14, delete "(19)" and insert "(14)"

Page 46, line 15, delete "(20)" and insert "(15)"

Page 46, delete lines 16 and 17

Page 46, line 18, delete "(22)" and insert "(16)"

Page 46, line 20, delete "(23)" and insert "(17)"

Page 46, line 21, delete "(24)" and insert "(18)"

Page 46, line 23, delete "(25)" and insert "(19)"

Page 46, line 25, delete "(26)" and insert "(20)"

Page 46, line 27, delete "(27)" and insert "(21)"

Page 46, line 27, delete ", and" and insert a period

Page 46, delete lines 28 and 29

Page 62, after line 25, insert:

"To the extent that he deems it to be necessary or practical, the commissioner of insurance may specify and issue procedures, forms or mathematical tables for use in performing the calculations required pursuant to section 25 or section 12, subdivision 8."

The motion prevailed. So the amendment was adopted.

Mr. Davies moved to amend S. F. No. 961 as follows:

Page 62, after line 31, insert:

"Sec. 45. [LIMITATION ON NONFORFEITABLE ENTITLEMENT TO BENEFIT INCREASE.] No current annuitant, disabilitant or survivor benefit recipient and no active or inactive member of any retirement fund to which this act applies shall acquire a nonforfeitable interest in, or entitlement to, any modification in the benefit plan of the fund contained in this act or be entitled to bring any action based on any modification in the benefit plan of the fund contained in this act until a period of two years commencing with the date on which the benefit plan modification becomes effective has expired."

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

S. F. No. 961 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Lessard	Perpich	Solon
Benedict	Gearty	Luther	Peterson	Spear
Bernhagen	Gunderson	McCutcheon	Pillsbury	Staples
Brataas	Hanson	Menning	Purfeerst	Stokowski
Chenoweth	Hughes	Merriam	Renneke	Strand
Chmielewski	Humphrey	Moe	Rued	Stumpf
Coleman	Johnson	Nelson	Schaaf	Tennessee
Davies	Keefe, S.	Nichols	Schmitz	Ueland, A.
Dieterich	Kirchner	Olhoft	Setzpfandt	Ulland, J.
Dunn	Kleinbaum	Olsen	Sieloff	Vega
Engler	Knoll	Penny	Sikorski	Willet

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

SPECIAL ORDER

S. F. No. 1191: A bill for an act relating to insurance; providing for changes in the operation and funding of the comprehensive health association; requiring identification of certain insurers; setting premium standards; changing the effective dates of certain mandated benefits; amending Minnesota Statutes 1978, Sections 62E.02, Subdivision 10, and by adding a subdivision; 62E.04, Subdivision 4; 62E.06; Subdivision 1; 62E.08; 62E.10; 62E.11; 62E.13, Subdivision 2; 62E.14, Subdivision 1; and Chapter 62E, by adding a section; repealing Minnesota Statutes 1978, Section 62E.10, Subdivision 5.

Mr. Sikorski moved to amend S. F. No. 1191 as follows:

Strike the Sikorski amendment to S. F. No. 1191, adopted by the Senate May 11, 1979, and amend S. F. No. 1191 as follows:

Page 12, line 20, after the period, insert "*The provisions of section 62E.11, subdivision 8, shall expire on July 1, 1981.*"

The motion prevailed. So the amendment was adopted.

Mr. Chmielewski moved to amend the Perpich amendment to S. F. No. 1191, adopted by the Senate May 11, 1979, as follows:

Page 2 of the Perpich amendment, line 24, in clause (14), after "Transportation" insert "(i)"

Page 2 of the Perpich amendment, line 26, at the end of clause (14), before the period, insert "; or (ii) to a kidney dialysis center for treatment"

The motion prevailed. So the amendment to the Perpich amendment was adopted.

S. F. No. 1191: A bill for an act relating to insurance; providing for changes in the operation and funding of the comprehensive health association; requiring identification of certain insurers; setting premium standards; changing the effective dates of certain mandated benefits; amending Minnesota Statutes 1978, Sections 62E.02, Subdivision 10, and by adding a subdivision; 62E.04, Subdivision 4; 62E.06, Subdivision 1; 62E.08; 62E.10; 62E.11; 62E.13,

Subdivision 2; 62E.14, Subdivision 1; and Chapter 62E, by adding a section; repealing Minnesota Statutes 1978, Section 62E.10, Subdivision 5.

Was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gearty	Luther	Pillsbury	Strand
Bang	Gunderson	McCutcheon	Purfeerst	Stumpf
Benedict	Hanson	Menning	Renneke	Tennessee
Bernhagen	Hughes	Merriam	Rued	Ueland, A.
Brataas	Humphrey	Moe	Schaaf	Ulland, J.
Chenoweth	Johnson	Nelson	Schmitz	Vega
Chmielewski	Keefe, S.	Nichols	Setzepfandt	Wegener
Davies	Kirchner	Olhoff	Sieloff	Willet
Dieterich	Kleinbaum	Olson	Sikorski	
Dunn	Knaak	Penny	Sillers	
Engler	Knoll	Perpich	Staples	
Frederick	Lessard	Peterson	Stokowski	

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

SPECIAL ORDER

H. F. No. 748: A bill for an act relating to retirement; actuarial reporting law; implementing a procedure to extend the period for the amortization of unfunded liabilities in the event of changes in actuarial assumptions or increases in annuities and benefits; amending Minnesota Statutes 1978, Sections 356.215, Subdivision 4; 356.22, Subdivision 2; 422A.08, Subdivision 2; and 422A.39, Subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 6, as follows:

Those who voted in the affirmative were:

Ashbach	Hanson	McCutcheon	Peterson	Staples
Bang	Hughes	Menning	Pillsbury	Stokowski
Benedict	Humphrey	Merriam	Purfeerst	Strand
Brataas	Johnson	Moe	Renneke	Stumpf
Chenoweth	Keefe, J.	Nelson	Schaaf	Tennessee
Chmielewski	Keefe, S.	Nichols	Schmitz	Ueland, A.
Dieterich	Kirchner	Ogdahl	Setzepfandt	Vega
Dunn	Kleinbaum	Olhoff	Sieloff	Wegener
Frederick	Knoll	Olson	Sikorski	Willet
Gearty	Knutson	Penny	Sillers	
Gunderson	Luther	Perpich	Spears	

Those who voted in the negative were:

Bernhagen	Engler	Lessard	Rued	Ulland, J.
Davies				

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 313: A bill for an act relating to public employees; reimbursing university systems for expenses of certain athletic leaves of absence; amending Minnesota Statutes 1978, Section 15.62, Subdivision 3.

Mr. Schaaf moved to amend H. F. No. 313 as follows:

Page 1, line 18, after "granted" insert "and occurring on or after July 1, 1979."

Page 1, delete line 19

The motion prevailed. So the amendment was adopted.

H. F. No. 313 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Ashbach	Gunderson	Lessard	Perpich	Staples
Bang	Hanson	Luther	Peterson	Stokowski
Benedict	Hughes	McCutcheon	Pillsbury	Strand
Bernhagen	Humphrey	Menning	Purfeerst	Stumpf
Brataas	Johnson	Merriam	Renneke	Tennessee
Chenoweth	Keefe, J.	Moe	Rued	Ueland, A.
Chmielewski	Keefe, S.	Nelson	Schaaf	Ulland, J.
Davies	Kirchner	Nichols	Schmitz	Vega
Dieterich	Kleinbaum	Ogdahl	Setzepfandt	Wegener
Dunn	Knaak	Olhoft	Sieloff	Willet
Engler	Knoll	Olson	Sikorski	
Gearly	Knutson	Penny	Solon	

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

SPECIAL ORDER

H. F. No. 508: A bill for an act relating to unemployment compensation; exempting family corporation shareholder's income from contribution rate; amending Minnesota Statutes 1978, Section 268.04, Subdivision 12.

Mr. Engler moved to amend H. F. No. 508 as follows:

Page 12, line 13, delete the new language

The motion prevailed. So the amendment was adopted.

H. F. No. 508 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Ashbach	Gunderson	Lessard	Perpich	Solon
Bang	Hanson	Luther	Peterson	Staples
Benedict	Hughes	McCutcheon	Pillsbury	Stokowski
Bernhagen	Humphrey	Menning	Purfeerst	Strand
Chenoweth	Jensen	Merriam	Renneke	Tennessee
Chmielewski	Johnson	Moe	Rued	Ueland, A.
Davies	Keefe, J.	Nelson	Schaaf	Ulland, J.
Dieterich	Keefe, S.	Nichols	Schmitz	Vega
Dunn	Kirchner	Ogdahl	Setzepfandt	Wegener
Engler	Kleinbaum	Olhoft	Sieloff	Willet
Frederick	Knaak	Olson	Sikorski	
Gearty	Knutson	Penny	Sillers	

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

SPECIAL ORDER

H. F. No. 1018: A bill for an act relating to no-fault automobile insurance; providing disability and income loss benefits for certain persons who lose unemployment compensation benefits as a result of accidental injury; amending Minnesota Statutes 1978, Section 65B.44, Subdivision 3.

Mr. Sikorski moved to amend H. F. No. 1018 as follows:

Page 1, after line 9, insert:

“Section 1. Minnesota Statutes 1978, Section 65B.44, Subdivision 2, is amended to read:

Subd. 2. [MEDICAL EXPENSE BENEFITS.] Medical expense benefits shall reimburse all reasonable expenses for necessary medical, surgical, x-ray, optical, dental, chiropractic, and rehabilitative services, including prosthetic devices, prescription drugs, necessary ambulance and all other reasonable transportation expenses incurred in traveling to receive covered medical benefits. hospital, extended care and nursing services. Hospital room and board benefits may be limited, except for intensive care facilities. to the regular daily semi-private room rates customarily charged by the institution in which the recipient of benefits is confined. Such benefits shall also include necessary remedial treatment and services recognized and permitted under the laws of this state for an injured person who relies upon spiritual means through prayer alone for healing in accordance with his religious beliefs. Medical expense loss includes medical expenses accrued prior to the death of a person notwithstanding the fact that benefits are paid or payable to the decedent's survivors. Medical expense benefits for rehabilitative services shall be subject to the provisions of section 65B.45.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after “insurance;” insert “providing for coverage of certain medical benefits under automobile insurance policies;”

Page 1, line 7, delete “Subdivision” and insert “Subdivisions 2 and”

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 36 and nays 19, as follows:

Those who voted in the affirmative were:

Benedict	Humphrey	Menning	Purfeerst	Tennessee
Chenoweth	Johnson	Moe	Schaaf	Vega
Chmielewski	Keefe, J.	Nelson	Setzepfandt	Wegener
Davies	Keefe, S.	Nichols	Sikorski	Willet
Gearty	Kleinbaum	Olhoff	Solon	
Gunderson	Knoll	Olson	Spear	
Hanson	Lessard	Penny	Staples	
Hughes	Luther	Peterson	Stumpf	

Those who voted in the negative were:

Ashbach	Dunn	Kirchner	Ogdahl	Strand
Bang	Engler	Knaak	Pillsbury	Ueland, A.
Bernhagen	Frederick	Knutson	Renneke	Ulland, J.
Dieterich	Jensen	Merriam	Rued	

The motion prevailed. So the amendment was adopted.

Mr. Davies moved to amend H. F. No. 1018 as follows:

Page 1, line 17, after the period, insert "*until December 31, 1979, and \$250 per week thereafter*"

Page 2, line 7, before the period, insert "*until December 31, 1979, and \$250 per week thereafter*"

Page 2, after line 22, insert:

"Sec. 2. Minnesota Statutes 1978, Section 65B.44, Subdivision 6, is amended to read:

Subd. 6. [SURVIVORS ECONOMIC LOSS BENEFITS.] Survivors economic loss benefits, in the event of death occurring within one year of the date of the accident, caused by and arising out of injuries received in the accident, are subject to a maximum of \$200 per week *until December 31, 1979, and \$250 per week thereafter,*" and shall cover loss accruing after decedent's death of contributions of money or tangible things of economic value, not including services, that his surviving dependents would have received for their support during their dependency from the decedent had he not suffered the injury causing death.

For the purposes of definition under sections 65B.41 to 65B.71, the following described persons shall be presumed to be dependents of a deceased person: (a) a wife is dependent on a husband with whom she lives at the time of his death; (b) a husband is dependent on a wife with whom he lives at the time of her death; (c) any child while under the age of 18 years, or while over that age but physically or mentally incapacitated from earning, is dependent on the parent with whom he is living or from whom he is receiving support regularly at the time of the death of such parent. Questions of the existence and the extent of dependency shall be questions of fact, considering the support regularly received from the deceased.

Payments shall be made to the dependent, except that benefits to a dependent who is a child or an incapacitated person may be paid to the dependent's surviving parent or guardian. Payments shall be terminated whenever the recipient ceases to maintain a status which if the decedent were alive would be that of dependency.

Sec. 3. Minnesota Statutes 1978, Section 65B.44, Subdivision 7, is amended to read:

Subd. 7. [SURVIVOR'S REPLACEMENT SERVICES LOSS.] Survivors replacement services loss benefits shall reimburse expenses reasonably incurred by surviving dependents after the date of the decedent's death in obtaining ordinary and necessary services in lieu of those the deceased would have performed for their benefit had he not suffered the injury causing death, minus expenses of the survivors avoided by reason of the decedent's death. These benefits shall be subject to a maximum of \$200 per week until December 31, 1979, and \$250 per week thereafter."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert

"increasing the weekly maximum for disability and income loss benefits, survivor's economic loss benefits and survivor's replacement services loss;"

Page 1, line 7, delete "Subdivision" and insert "Subdivisions"

Page 1, line 7, after "3" insert ", 6 and 7"

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

H. F. No. 1018 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 49 and nays 8, as follows:

Those who voted in the affirmative were:

Bang	Gearly	Luther	Perpich	Spear
Benedict	Gunderson	McCutcheon	Peterson	Stokowski
Brataas	Hughes	Menning	Pillsbury	Stumpf
Chenoweth	Humphrey	Merriam	Schaaf	Tennessee
Chmielewski	Johnson	Moe	Schmitz	Ueland, A.
Davies	Kirchner	Nelson	Setzepfandt	Ulland, J.
Dieterich	Knaak	Nichols	Sieloff	Vega
Dunn	Knoll	Olhoff	Sikorski	Wegener
Engler	Knutson	Olson	Sillers	Willet
Frederick	Lessard	Penny	Solon	

Those who voted in the negative were:

Ashbach	Jensen	Purfeerst	Rued	Strand
Bernhagen	Ogdahl	Renneke		

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

SPECIAL ORDER

H. F. No. 222: A bill for an act relating to the public service commission and public service department; regulating commissioners' and employees' conflicts of interest; amending Minnesota Statutes 1978, Section 216A.035.

Mr. Luther moved to amend H. F. No. 222, as amended by the Committee on Commerce, adopted by the Senate May 9, 1979, as follows:

Page 1, line 20, strike "commission" and delete "or public service"

Delete the amendment to page 1, line 23

Page 1, line 23, after "department" insert "who is in the civil service schedule A or management classification level and whose duties are related to public utilities or transportation regulation"

The motion prevailed. So the amendment was adopted.

CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on H. F. No. 222. The following Senators answered to their names:

Ashbach	Hughes	Luther	Purfeerst	Stokowski
Bang	Humphrey	McCutcheon	Renneke	Strand
Benedict	Jensen	Menning	Rued	Stumpf
Bernhagen	Johnson	Merriam	Schaaf	Tennessee
Chmielewski	Keefe, J.	Moe	Schmitz	Ueland, A.
Coleman	Keefe, S.	Nelson	Setzepfandt	Ulland, J.
Davies	Kirchner	Ogdahl	Sikorski	Vega
Dunn	Knaak	Olson	Sillers	Wegener
Engler	Knoll	Penny	Solon	Willet
Frederick	Knutson	Peterson	Spear	
Gunderson	Lessard	Pillsbury	Staples	

The Sergeant at Arms was instructed to bring in the absent members.

H. F. No. 222 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 38 and nays 23, as follows:

Those who voted in the affirmative were:

Benedict	Hughes	McCutcheon	Perpich	Stokowski
Chenoweth	Humphrey	Menning	Schaaf	Stumpf
Chmielewski	Jensen	Merriam	Schmitz	Tennessee
Coleman	Johnson	Moe	Setzepfandt	Ulland, J.
Davies	Keefe, S.	Nelson	Sieloff	Vega
Gearty	Kleinbaum	Olhoff	Sikorski	Willet
Gunderson	Knoll	Olson	Spear	
Hanson	Luther	Penny	Staples	

Those who voted in the negative were:

Bang	Frederick	Lessard	Purfeerst	Strand
Bernhagen	Keefe, J.	Nichols	Renneke	Ueland, A.
Brataas	Kirchner	Ogdahl	Rued	Wegener
Dunn	Knaak	Peterson	Sillers	
Engler	Knutson	Pillsbury	Solon	

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 1:30 o'clock p.m., Tuesday, May 15, 1979. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FIFTY-FOURTH DAY

St. Paul, Minnesota, Tuesday, May 15, 1979

The Senate met at 1:30 o'clock p.m. and was called to order by the President.

CALL OF THE SENATE

Mr. McCutcheon imposed a call of the Senate. The following Senators answered to their names:

Anderson	Frederick	Knaak	Olson	Staples
Benedict	Gearty	Knutson	Penny	Strand
Bernhagen	Gunderson	Laufenburger	Pillsbury	Stumpf
Brataas	Hanson	Luther	Purfeerst	Tennessee
Chenoweth	Hughes	McCutcheon	Rued	Ulland, J.
Chmielewski	Humphrey	Menning	Schmitz	Vega
Davies	Johnson	Merriam	Sieloff	Wegener
Dieterich	Kirchner	Moe	Sikorski	Willet
Dunn	Kleinbaum	Nichols	Spear	

The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Katherine Austin Mahle.

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

Anderson	Frederick	Knoll	Olson	Sillers
Ashbach	Gearty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessee
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoft	Sikorski	Willet

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Mr. Schrom was excused from the Session of today. Mr. Keefe, J. was excused from the Session of today from 1:30 to 2:30 o'clock

p.m. Mr. Anderson was excused from the Session of today from 2:00 to 4:00 o'clock p.m. Mr. Schmitz was excused from the Session of today at 3:00 o'clock p.m.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Stokowski introduced—

S. F. No. 1572: A bill for an act relating to taxation; assigning administration and enforcement of the Minnesota unfair cigarette sales act to the commissioner of revenue; amending Minnesota Statutes 1978, Section 270.06.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Hughes, Purfeerst and Nelson introduced—

S. F. No. 1573: A bill for an act relating to employment; prohibiting certain cities from establishing residency requirements as a condition of employment.

Referred to the Committee on Local Government.

Mr. Olson introduced—

S. F. No. 1574: A bill for an act relating to motor vehicles; providing for refunds of license fees; amending Minnesota Statutes 1978, Section 168.16.

Referred to the Committee on General Legislation and Administrative Rules.

Messrs. Peterson, Nichols, Strand, Hanson and Dunn introduced—

S. F. No. 1575: A bill for an act relating to state government; establishing and empowering a temporary joint legislative study commission to examine the feasibility of consolidating water management programs into a single agency and abolishing the multiple agencies presently dealing with water management; appropriating money.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Johnson introduced—

S. F. No. 1576: A bill for an act relating to the operation of state government; regulating acquisitions of real property by state agencies and departments; requiring local approval by county boards of commissioners.

Referred to the Committee on Agriculture and Natural Resources.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

May 14, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S. F. Nos. 807, 935, 1245, 236, 876, and 478.

Sincerely yours,

Albert H. Quie, Governor

May 15, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S. F. Nos. 345, 484 and 444.

Sincerely yours,

Albert H. Quie, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 988, 1288 and 1310.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1979

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 334, 623 and 1327.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1979

Mr. President:

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

S. F. No. 905: A bill for an act relating to public lands; authorizing the transfer of titles to lands of the state and local units of government; specifying powers and duties of the land exchange board, the commissioner of natural resources, and local units of government in relation to title transfers.

Senate File No. 905 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 14, 1979

CONCURRENCE AND REPASSAGE

Mr. Willet moved that the Senate concur in the amendments by the House to S. F. No. 905 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 905 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Olson	Staples
Ashbach	Frederick	Knutson	Penny	Strand
Bang	Gearty	Laufenburger	Pillsbury	Stumpf
Benedict	Gunderson	Lessard	Purfeerst	Tennessee
Bernhagen	Hanson	Luther	Rued	Ueland, A.
Brataas	Hughes	McCutcheon	Schaaf	Ulland, J.
Chenoweth	Humphrey	Menning	Schmitz	Vega
Chmielewski	Johnson	Merriam	Setzepfandt	Wegener
Davies	Keefe, S.	Moe	Sieloff	Willet
Dieterich	Kirchner	Nelson	Sikorski	
Dunn	Knaak	Olhoft	Spear	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 1351: A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended;

473.595, Subdivision 1; and Chapter 473, by adding sections; repealing Minnesota Statutes 1978, Section 473.568.

Senate File No. 1351 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1979

Mr. Keefe, S. moved that the Senate do not concur in the amendments by the House to S. F. No. 1351 and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 219: A bill for an act relating to state government; abolishing achievement awards for commissioners and deputy constitutional officers; amending Minnesota Statutes 1978, Sections 15A.081, Subdivision 6; 43.062, Subdivision 3; and 43.067, Subdivision 4; repealing Minnesota Statutes 1978, Section 43.069.

Four members of the House have been appointed to such committee on the part of the House as follows: Reding, Wenzel, Esau and Zubay.

Senate File No. 219 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1979

Mr. President:

I have the honor to announce the adoption by the House of the following House Concurrent Resolution, herewith transmitted:

House Concurrent Resolution No. 2: A House concurrent resolution urging the Food and Drug Administration and the National Cancer Institute to proceed with scientific testing of laetrile.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 14, 1979

Referred to the Committee on Health, Welfare and Corrections.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 597, 1084 and 1111.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 14, 1979

Mr. President:

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

S. F. No. 1193: A bill for an act relating to housing rehabilitation; permitting members of the city council of a city to serve as commissioners of the housing and redevelopment authority in and for the city; expanding housing rehabilitation loan and grant programs; amending Minnesota Statutes 1978, Sections 462.425, Subdivision 6; 462.445, Subdivision 9.

Senate File No. 1193 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 14, 1979

CONCURRENCE AND REPASSAGE

Mr. Luther moved that the Senate concur in the amendments by the House to S. F. No. 1193 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1193: A bill for an act relating to housing rehabilitation; permitting members of the city council of a city to serve as commissioners of the housing and redevelopment authority in and for that city; expanding housing rehabilitation loan and grant programs; amending Minnesota Statutes 1978, Sections 462.425, Subdivision 6; 462.445, Subdivision 9; and 462.581.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 52 and nays 1, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Jensen	Luther	Penny
Benedict	Engler	Johnson	McCutcheon	Pillsbury
Bernhagen	Frederick	Keefe, S.	Menning	Purfeerst
Brataas	Gearty	Kirchner	Merriam	Renneke
Chenoweth	Gunderson	Knaak	Nelson	Rued
Chmielewski	Hanson	Knoll	Nichols	Schaaf
Davies	Hughes	Knutson	Olhoft	Schmitz
Dieterich	Humphrey	Laufenburger	Olson	Setzepfandt

Sieloff
Sikorski
Spear

Staples
Strand
Stumpf

Tennessee
Ueland, A.

Ulland, J.
Vega

Wegener
Willet

Mr. Lessard voted in the negative.

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 118: A bill for an act relating to crimes; defining the crime of receiving stolen property; amending Minnesota Statutes 1978, Section 609.53, Subdivision 2.

Four members of the House have been appointed to such committee on the part of the House as follows:

Pavlak, Sherwood, Moe and Novak.

Senate File No. 118 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1979

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File.

S. F. No. 521: A bill for an act relating to the city of St. Cloud; authorizing sale of liquor at the Municipal Sports Complex.

Four members of the House have been appointed to such committee on the part of the House as follows:

Patton, Pehler, Blatz and Biersdorf.

Senate File No. 521 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1979

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 1504: A bill for an act relating to the organization and operation of state government; appropriating money for main-

tenance of various semi-state activities and for other purposes with certain conditions; authorizing basic life insurance and health benefits coverage for employees of semi-state agencies; amending Minnesota Statutes 1978, Sections 43.43, Subdivision 2; 138.01, by adding a subdivision; 139.10, Subdivision 2; 139.17, Subdivision 2; and 139.18, Subdivision 1.

Six members of the House have been appointed to such committee on the part of the House as follows:

Dean; Laidig; Stadum; Sieben, M.; Osthoff and Hokanson.

Senate File No. 1504 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 14, 1979

Mr. President:

I have honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 223: A bill for an act relating to education; providing for aids to education, aids to libraries, tax levies and the distribution of tax revenues; granting certain powers and duties to teachers, school bus drivers, school boards, school districts, educational cooperative service units, the Minnesota educational computing consortium, courts, the commissioner of education, the commissioner of health, the department of education, the state board of education and the state board for vocational education and other state agencies; creating a legislative school finance study commission; changing the method of computing foundation aid and levy limitations; providing aid for sparsely populated school districts, basic skills programs, new jobs programs and programs for gifted and talented students; changing procedures for decisions concerning the education of handicapped children; increasing tuition at area vocational-technical institutes; appropriating money; amending Minnesota Statutes 1978, Sections 3.9271, Subdivision 1, and by adding a subdivision; 3.9272; 16.93; 120.075; 120.17, Subdivisions 3b and 7a; 121.912, by adding a subdivision; 121.92, Subdivision 2; 123.34, Subdivision 8; 123.35, by adding a subdivision; 123.58, Subdivision 6, and by adding a subdivision; 123.702, Subdivision 1, and by adding a subdivision; 123.703, Subdivisions 1 and 3; 123.705; 123.741, Subdivision 1; 123.937; 124.01; 124.11, Subdivision 4; 124.17, Subdivision 1; 124.212, Subdivisions 1, 6c, 7c, 11, 20, and by adding subdivisions; 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; 124.223; 124.245, Subdivisions 1 and 2; 124.26, Subdivision 3; 124.271, Subdivisions 2, 5, and by adding a subdivision; 124.32, Subdivisions 1, 1a, 5, 7 and 10; 124.561, Subdivision 3a; 124.562, Subdivisions 1 and 2; 124.563, Subdivision 1; 124.565, Subdivision 3, 4, and by adding a subdivision; 124.572, Subdivision 2; 124.574, Subdivision 2; 124.646, Subdivision 1; 125.60, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 125.61, Subdivisions 1, 2, 3, 4, and by adding subdivi-

visions; 126.39, Subdivision 10; 126.40, Subdivision 3; 126.41, Subdivision 1; 126.52, Subdivision 10; 126.53, Subdivision 3; 126.54, Subdivision 1; 128A.02, Subdivision 6; 134.30, by adding a subdivision; 134.32, Subdivision 5; 134.33, Subdivision 1; 134.34, Subdivisions 1 and 2; 134.35, Subdivisions 1 and 2; 169.44, Subdivisions 1, 2, and by adding subdivisions; 275.125, Subdivisions 1, 2a, 2b, 8, 11a, and by adding subdivisions; 354.094, Subdivisions 3 and 6; 354.66, Subdivisions 1, 2, 3, 8, and by adding subdivisions; 354A.091, Subdivisions 1, 3, 6, and by adding a subdivision; 354A.22, Subdivisions 1, 2, 3, 8, and by adding subdivisions; 471.61, Subdivision 1b; and Chapters 124, by adding sections; and 134, by adding sections; repealing Minnesota Statutes 1978, Sections 120.171; 124.212, Subdivisions 6b and 7b; 124.241; 126.16; 126.18; 134.33, Subdivision 2; 169.44, Subdivisions 5 and 7; and 275.125, Subdivisions 6 and 7.

Six members of the House have been appointed to a Conference Committee on the part of the House as follows:

Eken; Johnson, C.; McEachern; Knickerbocker; Olsen and Jennings.

House File No. 223 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 14, 1979

Mr. Merriam moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 223, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 455: A bill for an act relating to education; providing equal opportunity for members of both sexes to participate in certain athletics; modifying the coverage and terms of the current law providing for equal opportunity in certain athletics; requiring the state board of education to promulgate certain rules and giving it exclusive jurisdiction over certain sex discrimination charges; providing for the rights of certain parties in the case of certain sex discrimination charges; amending Minnesota Statutes 1978, Section 126.21 and 363.02, Subdivision 3.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows:

Johnson, C.; McEachern; Weaver and Olsen.

House File No. 455 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 14, 1979

Mr. Merriam moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 455, and that a Conference Committee of 5 members appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

FIRST READING OF HOUSE BILLS

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

H. F. No. 597: A bill for an act relating to the state transportation system; authorizing the issuance and sale of Minnesota state transportation bonds; authorizing the expenditure of the proceeds for grants for construction and reconstruction of certain bridges and for certain preliminary studies; appropriating money; amending Minnesota Statutes 1978, Section 174.50, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 664 now on Special Orders.

H. F. No. 1084: A bill for an act relating to financial reports; requiring the preparation of annual reports on state finances; appropriating money; amending Minnesota Statutes 1978, Sections 16A.055, 16A.50, 16A.55, Subdivision 1; repealing Minnesota Statutes 1978, Section 16A.55, Subdivisions 2 to 9.

Referred to the Committee on Finance.

H. F. No. 1111: A bill for an act relating to pollution; authorizing water pollution control fund grants for certain wastewater treatment projects; providing for use of state and federal funds in certain proportions; authorizing issuance of Minnesota state water pollution control bonds; appropriating money; amending Minnesota Statutes 1978, Section 116.18, Subdivisions 1 and 4.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1465 now on Special Orders.

REPORTS OF COMMITTEES

Mr. Hanson moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 202: A bill for an act relating to health; providing for several types of life support transportation service; providing for health systems agencies to be involved in the licensing process; providing factors to be used in making licensing recommendations; providing for standards for services; forbidding inquiry as to ability to pay before provision of life support transportation services; requiring rules for nonemergency transportation reimbursement under medical assistance; exempting certain providers; appropriating money; amending Minnesota Statutes 1978, Sections 144.801; 144.802; 144.803; 144.804; 144.805; 144.807, Subdivision 1; 144.808; 144.809 and 144.8091, Subdivision 1.

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

Page 3, line 22, delete "300h" and insert "300k"

Page 9, line 19, before "life" insert "basic"

Page 9, lines 21 to 24, reinstate the stricken language

Page 9, after line 24, insert "or issued by the commissioner pursuant to section 214.13."

Page 9, delete lines 25 to 33

Page 10, delete lines 1 to 8

Page 10, line 14, after "plan" insert "as promulgated in rule"

Pages 15 and 16, delete section 10

Page 16, line 10, delete "11" and insert "10"

Page 16, line 29, delete "valid"

Page 16, line 30, after "license" insert "issued by the department of health"

Page 17, line 2, after "of" insert "section 1 and"

Page 17, line 3, delete "1 to 10" and insert "3 to 11"

Page 17, line 4, delete "13" and insert "12"

Page 17, line 8, delete "11" and insert "10"

Page 17, delete section 15

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 12, delete "appropriating money;"

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

Mr. Moe from the Committee on Finance, to which was re-referred

S. F. No. 405: A bill for an act relating to transportation; establishing a state policy of coordinating public and private programs providing transportation for elderly, handicapped and others with

special transportation needs; establishing an interagency task force on coordination of special transportation programs; authorizing the commissioner of transportation to adopt and enforce operating standards for special transportation services; exempting services that meet standards from other license and permit requirements; directing the establishment of a demonstration project for coordinating special transportation service in the metropolitan area; providing for state assistance for driver training and insurance and establishing accessibility requirements for paratransit projects; authorizing medical assistance reimbursement to qualified public and private nonprofit providers of special transportation service; requiring certain provisions in the medical assistance reimbursement rules of the department of public welfare; amending Minnesota Statutes 1978, Chapter 174, by adding sections; and Sections 174.23, by adding a subdivision; and 256B.04, Subdivision 12.

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

Page 13, after line 8, insert:

"Sec. 7. [TRANSFERS.] The commissioner of transportation may transfer the following amounts from appropriations for paratransit grants to the appropriation for transit administration:

(a) Up to \$25,000 for administrative support for the interagency task force on coordination of special transportation programs; and

(b) Up to \$75,000 for development of operating standards for vehicles providing special transportation service and of procedures for enforcing the standards. Any amount transferred in the first year of the biennium shall not cancel but shall be available until June 30, 1981. This section is effective July 1, 1979."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 22, after the semicolon, insert "permitting transfer of paratransit grant appropriations for certain purposes;"

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

Mr. Coleman from the Committee on Rules and Administration, to which were referred

H. F. Nos. 1238 and 1037 for comparison with companion Senate Files, reports the following House Files were found identical and recommends the House Files be given their second reading and substituted for their companion Senate Files as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
1238	1370				
1037	1041				

and that the above Senate Files be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

H. F. No. 877 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
877	1339				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 877 be amended as follows:

Page 1, line 20, after "Sec. 2." insert "[EFFECTIVE DATE.]"

And when so amended H. F. No. 877 will be identical to S. F. No. 1339, and further recommends that H. F. No. 877 be given its second reading and substituted for S. F. No. 1339, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

H. F. No. 257 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
257	977				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 257 be amended as follows:

Strike all the language after the enacting clause of H. F. No. 257 and insert the language after the enacting clause of S. F. No. 977, as amended by the Committee on Taxes and Tax Laws, adopted by the Senate May 11, 1979; further, strike the title of H. F. No. 257 and insert the title of S. F. No. 977, as amended.

And when so amended H. F. No. 257 will be identical to S. F. No. 977, and further recommends that H. F. No. 257 be given its second reading and substituted for S. F. No. 977, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which were referred

H. F. Nos. 277, 1392, 1309, 1206 for comparison with companion Senate Files, reports the following House Files were found not identical with their companion Senate Files as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
277	519				
1392	1485				
1309	1280				
1206	1427				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 277 be amended as follows:

Page 2, line 31, after "property" insert "*and the planting of any species of tree or shrub*"

Page 4, line 19, after "~~number~~" insert a new comma

Page 4, line 20, after "*tree*" insert a new comma

Page 4, line 27, strike "up to" and before "*but*" insert a new comma

Page 4, line 28, after "*tree*" insert a new comma

Page 4, line 33, reinstate "1,000" and delete "4,000"

Page 5, line 1, strike "up to"

Page 5, line 2, after "*cost*" insert a new comma and after "*tree*" insert a new comma

Page 5, lines 3 and 4, delete "*or 1980*"

Page 5, line 4, after the period insert "*The governing body of any municipality which receives a reforestation grant pursuant to this section shall appoint up to seven residents of the municipality or designate an existing municipal board or committee to serve as a reforestation advisory committee to advise the governing body of the municipality in the administration of the reforestation program.*"

Page 6, line 22, delete "*program*" and insert "*programs*"

Page 6, line 26, delete "*program*" and insert "*programs*"

Page 6, line 28, after "*reforestation*" insert "*programs*"

And when so amended H. F. No. 277 will be identical to S. F. No. 519, and further recommends that H. F. No. 277 be given its second reading and substituted for S. F. No. 519, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1392 be amended as follows:

Page 1, line 7, delete "[179.131]" and insert "[179.121]"

Page 1, line 10, after "progress" insert a comma

And when so amended H. F. No. 1392 will be identical to S. F. No. 1485, and further recommends that H. F. No. 1392 be given its second reading and substituted for S. F. No. 1485, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1309 be amended as follows:

Page 1, delete lines 14 to 18

Page 4, lines 8 and 9, delete "*the home be moved*" and insert "*you move your home*"

Page 4, lines 23 and 24, delete "*the effective date of sections 1 to 8*" and insert "*August 1, 1979*"

Page 5, line 25, after "*noncompliance*" insert a comma

Renumber the sections accordingly

Further, amend the title as follows:

Page 1, lines 3 and 4, delete "regulation of mobile home parks;"

Page 1, line 8, delete "327.20, by adding a subdivision;"

And when so amended H. F. No. 1309 will be identical to S. F. No. 1280, and further recommends that H. F. No. 1309 be given its second reading and substituted for S. F. No. 1280, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1206 be amended as follows:

Page 1, line 7, delete "energy agency" and insert "department of agriculture"

Page 1, line 8, delete "department of agriculture" and insert "energy agency"

Page 1, line 9, delete "develop guidelines" and insert "adopt temporary rules promulgated pursuant to chapter 15"

Page 1, line 11, delete "Guidelines" and insert "Rules"

Page 1, line 12, after "trees" insert "as firewood"

Page 1, line 13, delete "guidelines" and insert "rules"

Page 1, line 16, delete "operating" and insert "may operate"

Page 1, line 18, delete everything before "pursuant" and insert "which shall include rules adopted"

Page 1, line 19, delete "institute" and insert "and may include"

Page 1, line 21, delete "including but not"

Page 2, line 1, delete "limited to" and insert "removed by"

Further, amend the title as follows:

Page 1, line 3, after "trees" insert "as firewood"

And when so amended H. F. No. 1206 will be identical to S. F. No. 1427, and further recommends that H. F. No. 1206 be given its second reading and substituted for S. F. No. 1427, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 1151: A bill for an act relating to retirement; providing for the reimbursement of certain employer contributions; providing determination of service credits; Minneapolis municipal employees retirement fund; increasing the employee contribution rate; appropriating money; amending Minnesota Statutes 1978, Sections 275.51, Subdivision 3d; 422A.08, Subdivision 2; and 422A.10, Subdivision 1; and Chapter 355, by adding a section.

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

Pages 1 to 3, delete sections 1 and 2

Pages 8 and 9, delete section 7

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "providing for the"

Page 1, delete line 3

Page 1, line 7, delete "appropriating money;"

Page 1, line 8, delete "275.51, Subdivision 3d;"

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 1261: A bill for an act relating to public transit; authorizing the acquisition, betterment, operation and maintenance of a people mover system in St. Paul; authorizing financial participation in its construction and operation by the metropolitan transit commission; providing for assistance by the state; appropriating money; amending Minnesota Statutes 1978, Section 473.446, Subdivision 1; repealing Laws 1977, Chapter 454, Section 45.

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

Page 2, line 29, delete "seven" and insert "nine"

Page 3, line 4, after "council." insert "Two members of the Ramsey County board of commissioners shall be appointed by the county board."

Page 3, line 6, delete "seventh" and insert "ninth"

Page 3, line 15, delete everything after the period

Page 3, delete lines 16 to 18

Page 3, line 19, delete "system."

Page 3, line 19, delete "The commission" and insert "Ramsey County"

Page 3, line 21, delete "7" and insert "11"

Page 5, line 18, delete everything after the period

Page 5, delete lines 19 to 21

Page 5, line 27, delete "without federal"

Page 5, line 28, delete everything before the comma and insert "until the board receives written notice"

Page 5, line 31, delete "and" and insert ", that it meets the criteria for acceptance established by the authority that let the construction and equipment purchase contracts with the concurrence of the administration, and that it"

Page 5, line 33, after the period insert "The written notice from the administration shall not imply any legal liability for the federal government for construction or operation of the people mover system."

Page 6, line 2, after "facilities" insert ", including the seventh place pedestrian mall and public galleria facilities,"

Page 7, delete Section 7 in its entirety

Page 8, lines 15 and 25, delete "10" and insert "9"

Page 9, lines 5 and 20, delete "10" and insert "9"

Page 9, line 11, after "deficit" insert "for the calendar year in which service begins,"

Page 9, line 12, after "(b)" insert a comma

Page 10, lines 9 and 21, delete "10" and insert "9"

Page 13, delete subdivisions 3 and 4 in their entirety

Pages 13 and 14, delete Section 12 in its entirety and insert:

"Sec. 11. Laws 1979, Chapter 46, Section 1, is amended by adding a subdivision to read:

Subd. 6. [PEOPLE MOVER SYSTEM.] Ramsey County may issue certificates of indebtedness, bonds or other obligations in

an amount not exceeding \$9,000,000 for the purpose of acquisition and betterment of the people mover system as determined in section 1. The proceeds of the obligations shall be expended as provided in the joint powers agreement entered into pursuant to section 2. Proceeds of the obligations which are not needed for acquisition and betterment of the people mover system shall be expended to pay the operating deficit of the people mover system pursuant to section 8. No obligations shall be issued under this subdivision until the county board determines that agreements have been executed between the authority that will let the construction contract for the people mover system and the appropriate labor organizations and construction contractor organizations which provide that no labor strike or management lockout will halt, delay or impede construction.

The obligations authorized by this section shall be sold, issued and secured in the manner provided in Minnesota Statutes, Chapter 475, for general obligation bonds. The full faith and credit and taxing powers of Ramsey County, with respect to the commercial and industrial property located therein shall be pledged to the payment of the principal and interest of the bonds. The county board of commissioners shall levy an amount of tax necessary to pay the principal and interest of the bonds upon all parcels of taxable real estate, including buildings and improvements thereon, which are situated in the county and are devoted to a commercial or industrial use. For the purpose of this section, commercial and industrial property includes all real property in class 4 as described in section 273.13, subdivision 9, except real property and buildings and improvements thereon that are used exclusively to provide residential, nontransient housing, and for functionally related and subordinate purposes. The approval of the electors of Ramsey County is not required for the issuance of bonds authorized by this section."

Page 15, after line 7, insert

"Sec. 13. [LIMIT ON CAPITAL EXPENDITURES.] Subdivision 1. [TOTAL EXPENDITURES.] Except as otherwise provided in this subdivision, the sum of all expenditures by the city and the commission, including federal grants and in-kind expenditures, for acquisition, construction and betterment of the people mover system shall not exceed \$90,000,000. This amount may be increased by up to 20 percent if the federal urban mass transportation administration provides 80 percent matching grants for any amount exceeding \$90,000,000 and that all of the non-federal share required to match the federal grants is provided by the city.

Subd. 2. [COMMISSION EXPENDITURES.] The commission shall expend no money for the acquisition, construction or betterment of the people mover system except the proceeds of the bonds authorized in section 11."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "and"

Page 1, line 6, delete "operation" and insert "by Ramsey County; establishing a procedure for payment of the operating deficit"

Page 1, line 6, after "commission" insert ", the city of St. Paul and benefited property owners"

Page 1, line 7, after the semicolon insert "authorizing issuance of bonds by Ramsey County and payment from a tax levied on commercial and industrial property in Ramsey County;"

Page 1, line 8, delete "Minnesota Statutes"

Page 1, line 9, delete "1978, Section 473.446, Subdivision 1" and insert "Laws 1979, Chapter 46, Section 1, by adding a subdivision"

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

SECOND READING OF SENATE BILLS

S. F. Nos. 202, 405, 1151 and 1261 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1238, 1037, 877, 257, 277, 1392, 1309 and 1206 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Peterson moved that the name of Mr. Wegener be stricken as co-author and the name of Mr. Lessard be added as co-author to S. F. No. 1099. The motion prevailed.

Mr. Luther moved that the name of Mr. Sikorski be added as co-author to S. F. No. 1250. The motion prevailed.

Mr. Knutson moved that S. F. No. 801 be taken from the table. The motion prevailed.

CONCURRENCE AND REPASSAGE

Mr. Knutson moved that the Senate concur in the amendments by the House to S. F. No. 801 and that the bill be placed on its repassage as amended.

S. F. No. 801: A bill for an act relating to non-alcoholic beverages; requiring laboratory examination of certain beverages; deleting registration exemption for identified beverages; amending Minnesota Statutes 1978, Section 34.05, Subdivision 1; repealing Minnesota Statutes 1978, Section 34.05, Subdivision 2.

CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on S. F. No. 801. The following Senators answered to their names:

Bang	Gunderson	Lessard	Pillsbury	Stokowski
Benedict	Hughes	Luther	Purfeerst	Strand
Bernhagen	Humphrey	McCutcheon	Renneke	Stumpf
Brataas	Jensen	Menning	Schaaf	Tennessee
Chenoweth	Johnson	Merriam	Setzepfandt	Ueland, A.
Davies	Keefe, J.	Nelson	Sieloff	Vega
Dieterich	Kirchner	Olhoff	Sikorski	Wegener
Dunn	Kleinbaum	Olson	Sillers	Willet
Engler	Knaak	Penny	Solon	
Frederick	Knoll	Perpich	Spear	
Gearty	Knutson	Peterson	Staples	

The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the motion of Mr. Knutson.

Mr. Willet moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 25 and nays 30, as follows:

Those who voted in the affirmative were:

Bang	Gearty	Laufenburger	Pillsbury	Sieloff
Bernhagen	Gunderson	Lessard	Purfeerst	Sillers
Brataas	Jensen	Menning	Renneke	Solon
Dunn	Knaak	Nichols	Rued	Ueland, A.
Engler	Knutson	Olson	Setzepfandt	Wegener

Those who voted in the negative were:

Benedict	Humphrey	Luther	Perpich	Strand
Chenoweth	Johnson	McCutcheon	Peterson	Stumpf
Davies	Keefe, J.	Merriam	Schaaf	Tennessee
Dieterich	Keefe, S.	Nelson	Sikorski	Ulland, J.
Hanson	Kleinbaum	Olhoff	Spear	Vega
Hughes	Knoll	Penny	Staples	Willet

The motion did not prevail.

Mr. Knutson moved that the Senate do not concur in the amendments by the House to S. F. No. 801, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

SUSPENSION OF RULES

Mr. Knoll moved that the rules of the Senate be so far suspended as to allow reconsideration of the vote whereby H. F. No. 361 failed to pass the Senate on Friday May 11, 1979.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 28 and nays 19, as follows:

Those who voted in the affirmative were:

Brataas	Jensen	Nelson	Schaaf	Ueland, A.
Gearty	Keefe, J.	Perpich	Setzepfandt	Ulland, J.
Gunderson	Knoll	Peterson	Sillers	Vega
Hanson	Knutson	Pillsbury	Staples	Willet
Hughes	Laufenburger	Renneke	Stokowski	
Humphrey	Menning	Rued	Strand	

Those who voted in the negative were:

Bernhagen	Keefe, S.	Luther	Purfeerst	Stumpf
Chenoweth	Kleinbaum	McCutcheon	Sieloff	Tennessee
Davies	Knaak	Merriam	Sikoraki	Wegener
Dieterich	Lessard	Olhoft	Spear	

The motion did not prevail.

Pursuant to Rule 21, Mr. Kleinbaum moved that the following members be excused at 3:30 o'clock p.m. for a Conference Committee on S. F. No. 1504:

Messrs. Kleinbaum, Menning, Moe, Ashbach and Pillsbury. The motion prevailed.

Pursuant to Rule 10, Mr. Hanson, for Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

SPECIAL ORDER

H. F. No. 123: A bill for an act relating to crimes; prohibiting solicitation or inducement concerning prostitution, promoting the prostitution of a person, receiving profit derived from prostitution, engaging in prostitution, and patronizing a prostitute; limiting defenses to prosecution; establishing rules of evidence; establishing immunity from prosecution for certain testimony; providing penalties; amending Minnesota Statutes 1978, Sections 626.556, Subdivision 2; and 626A.05, Subdivision 2; repealing Minnesota Statutes 1978, Section 609.32.

Mr. Sikorski moved to amend H. F. No. 123, the unofficial engrossment, as follows:

Page 2, line 4, delete "*a position in*" and insert "*the circumstances under*"

Page 3, line 1, after "*if*" insert "*the acts can reasonably be construed as being*"

Page 3, line 1, after "*satisfying*" insert "*the actor's*"

Page 3, line 12, delete "*this*" and insert "*the*"

Page 3, line 12, after "*purpose*" insert "*of satisfying sexual impulses*"

Page 4, line 1, after "*The*" insert "*actor knows that the*"

Page 4, line 3, before "*A*" insert "*The actor knows that*"

Page 4, line 21, after "*The*" insert "*actor knows that the*"

Page 4, line 24, before "*An*" insert "*The actor knows that*"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H. F. No. 123, the unofficial engrossment, as follows:

Page 7, line 7, delete "*Subdivision 1.*"

Page 7, delete lines 10 to 15

The motion prevailed. So the amendment was adopted.

H. F. No. 123 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Gunderson	Laufenburger	Purfeerst	Strand
Bernhagen	Hanson	Lessard	Rued	Stumpf
Chenoweth	Hughes	Luther	Schaaf	Tennessee
Chmielewski	Humphrey	McCutcheon	Setzepfandt	Ueland, A.
Coleman	Jensen	Merriam	Sieloff	Ulland, J.
Davies	Johnson	Nelson	Sikoriski	Vega
Dieterich	Keefe, J.	Olhoft	Sillers	Wegener
Dunn	Keefe, S.	Olson	Solon	Willet
Engler	Kirchner	Penny	Spear	
Frederick	Knaak	Perpich	Staples	
Gearty	Knoll	Peterson	Stokowski	

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

SPECIAL ORDER

H. F. No. 1062: A bill for an act relating to the city of Windom; authorizing the purchase of annuity contracts for retiring firefighters.

Mr. Olson moved to amend H. F. No. 1062, as follows:

Page 1, line 17, delete "This act" and insert "Section 1"

Page 1, line 17, after "effective" insert "in the city of Windom in Cottonwood county"

Page 1, after line 19, insert:

"Sec. 3. All actions and proceedings taken by the city of Heron Lake, in Jackson County, Minnesota, precedent to the issuance of general obligation bonds of the city in an amount not to exceed \$60,000, which bonds were authorized by the voters of the city at an election held on November 7, 1978 for the purpose of providing funds for the improvement of the Heron Lake Municipal Hospital, are legalized and validated, and the bonds when issued shall be valid and binding general obligations of the city, and shall not be included for the purpose of any computation of net debt of the city. This section is effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to local government; authorizing the purchase of annuity contracts for retiring Windom firefighters; legalizing proceedings precedent to the issuance of certain Heron

Lake general obligation bonds and excluding them from the net debt computation."

The motion prevailed. So the amendment was adopted.

Mr. Olson then moved to amend H. F. No. 1062 as follows:

Page 1, line 10, delete "funds" and insert "the amount of the accrued"

Page 1, line 11, delete "available for the payment of a" and after "pension" insert "otherwise payable"

Page 1, line 11, after "to" insert "a retiring firefighter to"

The motion prevailed. So the amendment was adopted.

H. F. No. 1062 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Benedict	Gunderson	Knoll	Peterson	Staples
Bernhagen	Hanson	Laufenburger	Purfeerst	Stokowski
Chenoweth	Hughes	Lessard	Rued	Strand
Chmielewski	Humphrey	Luther	Schaaf	Stumpf
Coleman	Jensen	McCutcheon	Setzepfandt	Tennessee
Dieterich	Johnson	Nelson	Sieloff	Ueland, A.
Dunn	Keefe, J.	Olhoft	Sikorski	Ulland, J.
Engler	Keefe, S.	Olson	Sillers	Vega
Frederick	Kirchner	Penny	Solon	Willet
Gearty	Knaak	Perpich	Spear	

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

SPECIAL ORDER

H. F. No. 1353: A bill for an act relating to motor vehicles; establishing fees for motorized bicycle operator permits; excepting motorized bicycles from seat belt requirements; amending Minnesota Statutes 1978, Sections 169.223, Subdivision 1; 169.685, Subdivision 1; and 171.02, Subdivision 3.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 48 and nays 2, as follows:

Those who voted in the affirmative were:

Benedict	Gearty	Knutson	Peterson	Staples
Bernhagen	Gunderson	Laufenburger	Purfeerst	Stokowski
Chenoweth	Hanson	Lessard	Rued	Strand
Chmielewski	Hughes	Luther	Schaaf	Stumpf
Coleman	Humphrey	McCutcheon	Setzepfandt	Tennessee
Davies	Jensen	Nelson	Sieloff	Ueland, A.
Dieterich	Johnson	Olhoft	Sikorski	Vega
Dunn	Kirchner	Olson	Sillers	Willet
Engler	Knaak	Penny	Solon	
Frederick	Knoll	Perpich	Spear	

Messrs. Keefe, J. and Ulland, J. voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 546: A bill for an act relating to insurance; prohibiting discrimination in the sale of automobile insurance solely on the basis of a disability; amending Minnesota Statutes 1978, Section 65B.13; repealing Minnesota Statutes 1978, Section 65B.131.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 45 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knoll	Peterson	Staples
Benedict	Gunderson	Knutson	Purfeerst	Stokowski
Bernhagen	Hanson	Laufenburger	Rued	Strand
Chenoweth	Hughes	Luther	Schaaf	Stumpf
Chmielewski	Humphrey	McCutcheon	Setzepfandt	Tennessee
Coleman	Johnson	Nelson	Sieloff	Ueland, A.
Dieterich	Keefe, J.	Olhoff	Sikorski	Ulland, J.
Engler	Kirchner	Penny	Solon	Vega
Frederick	Knaak	Perpich	Spear	Willet

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1364: A bill for an act relating to the regulation of securities; exempting certain securities from certain registration and filing requirements; amending Minnesota Statutes 1978, Section 80A.15, Subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 43 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Lessard	Schaaf	Strand
Benedict	Hughes	Luther	Setzepfandt	Stumpf
Bernhagen	Humphrey	McCutcheon	Sieloff	Tennessee
Chenoweth	Johnson	Nelson	Sikorski	Ueland, A.
Chmielewski	Keefe, J.	Olhoff	Sillers	Ulland, J.
Dieterich	Kirchner	Perpich	Solon	Vega
Dunn	Knaak	Peterson	Spear	Willet
Engler	Knutson	Renneke	Staples	
Frederick	Laufenburger	Rued	Stokowski	

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 471: A bill for an act relating to taxation; providing that joint tenants shall apportion property tax refund claims; amending Minnesota Statutes 1978, Sections 290A.03, Subdivisions 8 and 13; and 290A.05.

Mr. Tennesen moved to amend S. F. No. 471 as follows:

Page 2, line 17, delete "*who are related by blood or by marriage*"

The motion prevailed. So the amendment was adopted.

S. F. No. 471 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 40 and nays 14, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Knaak	Perpich	Staples
Benedict	Hughes	Knoll	Renneke	Stokowski
Chenoweth	Humphrey	Knutson	Schaaf	Stumpf
Davies	Jensen	Laufenburger	Sieloff	Tennesen
Dieterich	Johnson	Luther	Sikorski	Ueland, A.
Engler	Keefe, J.	Merriam	Sillers	Ulland, J.
Frederick	Keefe, S.	Nelson	Solon	Vega
Gunderson	Kirchner	Nichols	Spear	Wegener

Those who voted in the negative were:

Bernhagen	Gearty	Olhoft	Purfeerst	Strand
Chmielewski	Lessard	Penny	Rued	Willet
Coleman	McCutcheon	Peterson	Setzepfandt	

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

SPECIAL ORDER

S. F. No. 337: A bill for an act relating to taxation; providing for allocation of items of income to the state; restricting the deduction of net operating losses incurred in connection with out-of-state sources; providing a deduction for trust and estate income from out-of-state sources; amending Minnesota Statutes 1978, Sections 290.01, Subdivision 20; 290.095, Subdivision 4; 290.17, Subdivision 1; and 290.23, by adding a subdivision.

Mr. Merriam moved to amend S. F. No. 337 as follows:

Page 13, line 8, delete "*Section 3 is*" and insert "*Sections 1 and 4 are*"

Page 13, line 9, delete the language after the period

Page 13, line 10, delete "*act*" and insert "*Section 3*"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend S. F. No. 337 as follows:

Page 11, lines 13 to 16, reinstate the stricken language

Page 11, line 16, after "income" insert "*and, with respect to individuals, estates and trusts, no deduction shall be allowed for or with respect to losses*"

The motion prevailed. So the amendment was adopted.

S. F. No. 337 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Lessard	Purfeerst	Stokowski
Bernhagen	Hanson	Luther	Renneke	Strand
Chenoweth	Hughes	McCutcheon	Rued	Stumpf
Coleman	Humphrey	Merriam	Schaaf	Tennessee
Davies	Jensen	Nelson	Setzepfandt	Ueland, A.
Dieterich	Johnson	Nichols	Sieloff	Ulland, J.
Dunn	Kirchner	Olhoff	Sikorski	Vega
Engler	Knaak	Penny	Sillers	Wegener
Frederick	Knoll	Perpich	Solon	Willet
Gearty	Laufenburger	Peterson	Staples	

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

SPECIAL ORDER

H. F. No. 907: A bill for an act relating to retirement; judges retirement fund; including the conciliation court of the city of Duluth in certain provisions governing judicial retirement; transferring the obligations and assets of the county and probate court judges survivors' account to the judges retirement fund; amending Minnesota Statutes 1978, Sections 490.121, Subdivision 2; and 490.124, Subdivision 8; repealing Minnesota Statutes 1978, Section 490.12, Subdivisions 7 and 8.

Mr. Davies moved to amend H. F. No. 907, as amended pursuant to Rule 49, adopted by the Senate May 14, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 959.)

Page 3, after line 33, insert:

"Sec. 6. [LIMITATION ON NONFORFEITABLE ENTITLEMENT TO BENEFIT INCREASE.] *No current annuitant, disabilitant or survivor benefit recipient and no active or inactive member of any retirement fund to which this act applies shall acquire a nonforfeitable interest in, or entitlement to, any modification in the benefit plan of the fund contained in this act or be entitled to bring any action based on any modification in the benefit plan of the fund contained in this act until a period of two years commencing with the date on which the benefit plan modification becomes effective has expired.*"

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

H. F. No. 907 was then progressed.

SPECIAL ORDER

H. F. No. 747: A bill for an act relating to retirement; miscellaneous amendments to the public employees retirement law; amending Minnesota Statutes 1978, Sections 353.01, Subdivisions 2b, 10, 16, and 27; 353.017, Subdivision 2; 353.03, Subdivision 3; 353.29, Subdivisions 2 and 8; 353.31, Subdivision 1; 353.32, Subdivisions 1, 3, and 9; 353.33, Subdivision 1; 353.34, Subdivision 3; 353.35; 353.64, Subdivision 1; 353.65, Subdivision 2; 353.656, Subdivision 2; 353.71, Subdivision 5.

Mr. Stokowski moved to amend H. F. No. 747, as amended pursuant to Rule 49, adopted by the Senate May 7, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 809.)

Page 4, line 15, after "21" insert a period

Page 4, delete lines 16 to 26

Page 7, line 22, strike " , whichever is later"

Page 16, line 19, after "firefighter" insert a comma

Page 17, line 14, delete "unless the" and insert a period

Page 17, delete lines 15 to 20

Page 18, line 9, delete "without" and insert " , who actually receives annual compensation from hourly wage payments for service as a firefighter in an amount which does not exceed \$3,000 and who is annually stipulated by the employing municipality or independent nonprofit firefighting corporation in advance on a form prescribed by the executive director as not being eligible during the year for annual compensation from hourly wage payments for service as a firefighter in excess of \$3,000."

Page 18, delete lines 10 to 27

Page 19, line 27, after "356.41" insert "applies"

The motion prevailed. So the amendment was adopted.

Mr. Sillers moved to amend H. F. No. 747, as amended pursuant to Rule 49, adopted by the Senate May 7, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 809.)

Page 21, after line 4, insert:

"Sec. 27. Laws 1967, Chapter 775, Section 2, is amended to read:

Sec. 2. [MEMBER'S CONTRIBUTIONS.] Each member of the Association shall pay into the retirement funds of the Association during his term of covered employment, for retirement, disability and survivor benefits, a contribution of *6 eight* percent of his total salary. The contributions shall be deducted from his salary by the City of Moorhead, transmitted to the Association, and deposited to the credit of the proper fund thereof. For the purposes of this section, covered employment shall be ~~30~~ 35 years, so that no member shall be required to make contributions to the Association for any term of employment in excess of ~~30~~ 35 years.

Sec. 28. Laws 1967, Chapter 775, is amended by adding a section to read:

Sec. 3a. [RETIREMENT ANNUITY UPON SEPARATION FROM PUBLIC SERVICE.] *Upon separation from public service, any member of the association who has attained the age of at least 55 years and who has received credit for not less than ten years of allowable service is entitled upon application to a retirement annuity. The annuity shall be determined by multiplying the average of the highest salary earned as a police officer upon which employee contributions were paid for any five successive years of allowable service by two and one-half percent per year of allowable service for the first 20 years of service and two percent per year of allowable service thereafter, to a maximum of 35 years.*

Sec. 29. Laws 1967, Chapter 775, Section 4, is amended to read:

Sec. 4. [DEFERRED ANNUITY.] A member of the Association may elect to withdraw from membership upon termination of his employment as a ~~police officer~~ *police officer*. In case of withdrawal from membership the Association shall refund the member's contributions *plus interest thereon at the rate of three percent compounded annually*, except that on the request of a withdrawing member with ~~4~~ *four* or more years of membership credit *who was employed prior to July 1, 1979, or a member with ten or more years of membership credit who was employed on or after July 1, 1979*, the Association shall, in lieu of a refund, issue to him a deferred pension certificate providing for pension payments to commence at the time he would be entitled to receive a retirement pension if he had continued his membership in the Association.

The amount of the monthly payments under the deferred pension certificate shall be the proportion of the monthly pension to which he would be entitled if he had the necessary minimum age and minimum years of service for retirement at the time of withdrawal, as his actual years of service at the time of withdrawal bear to the minimum years of service required for retirement. The monthly annuity payments shall commence upon the date the withdrawing member would have first been entitled to a retirement annuity had he continued his employment.

In the case of the death before commencement of payment to a holder of a deferred pension certificate, his contributions on

which the certificate was based shall be paid to his surviving spouse, if living, otherwise to his designated beneficiary, if any, otherwise to his heirs. *The surviving spouse or a person appointed by the court to act for any minor children may elect to take a retirement annuity based on a regular survivor's benefit on the proportion of the monthly pension to which the person would have been entitled under the deferred pension certificate on the date of death.*

Sec. 30. Laws 1967, Chapter 775, Section 5, is amended to read:

Sec. 5. [DISABILITY BENEFIT.] Should a member of the Association become totally and permanently disabled from performing his duties as a police officer for the City of Moorhead, he shall be paid a disability benefit for the term of his life in accordance with the following schedule:

0 to 10 years of membership, \$75 per month

10 to 11- $\frac{1}{2}$ years of membership, 11/20 of his retirement annuity

11- $\frac{1}{2}$ to 12- $\frac{1}{2}$ years of membership, 12/20 of his retirement annuity

12- $\frac{1}{2}$ to 13- $\frac{1}{2}$ years of membership, 13/20 of his retirement annuity

13- $\frac{1}{2}$ to 14- $\frac{1}{2}$ years of membership, 14/20 of his retirement annuity

14- $\frac{1}{2}$ to 15- $\frac{1}{2}$ years of membership, 15/20 of his retirement annuity

15- $\frac{1}{2}$ to 16- $\frac{1}{2}$ years of membership, 16/20 of his retirement annuity

16- $\frac{1}{2}$ to 17- $\frac{1}{2}$ years of membership, 17/20 of his retirement annuity

17- $\frac{1}{2}$ to 18- $\frac{1}{2}$ years of membership, 18/20 of his retirement annuity

18- $\frac{1}{2}$ to 19- $\frac{1}{2}$ years of membership, 19/20 of his retirement annuity

19- $\frac{1}{2}$ to 20 years or more of membership, his retirement annuity equal to the annuity which he would have received under section 2 of this act if he had retired with 20 years of service on the date he became disabled and was on that date at least 55 years of age. If he has not been employed by the police department of the City of Moorhead for five years, the average salary for the years during which he was employed shall be used in computing the benefit to which he is entitled.

Determination of disability shall be made by a physician designated by the council, at Association expense. Should either the council or the member not be satisfied with the decision of the physician engaged by the council, the matter shall be referred to a board of three physicians, one selected by the council, one selected

by the member, and the third to be selected by the two physicians so selected. In default of the two physicians so selected to agree upon a third, the third shall be appointed within one month by the chief judge of the judicial district in which the City of Moorhead is located. The decision of the board of physicians shall be final. The costs of the panel of physicians shall be paid by the city. Their determination, however, shall not be construed to prevent the member from bringing action against the Association to recover disability benefits.

Disability benefits shall commence 90 days after the date of the disability except that where the member is receiving salary continuation under *injury on duty provisions*, annual or sick leave provisions of his employment with the City of Moorhead, the disability benefits shall commence on the date the *injury on duty* or annual or sick leave terminates, not to commence, however, less than 90 days from the date of disability. Disability payments hereunder shall be reduced by the amount, if any, which a member receives by way of ~~Workmen's~~ *workers'* compensation benefits.

Sec. 31. Laws 1967, Chapter 775, Section 6, is amended to read:

Sec. 6. [SURVIVOR BENEFIT.] Upon the death of a member before retirement or upon the death of a member who was disabled and receiving disability benefits at the time of his death or upon the death of a retired member, his *the* surviving dependent spouse and dependent children under the age of 18 shall receive the monthly benefit provided below:

(a) Surviving dependent spouse, ~~\$75 per month~~ *50 percent of the earned retirement at 30 percent of the member's average salary during the most recent six months of employment prior to the date of death.*

(b) Each dependent child, ~~\$20 per month~~ *ten percent of the member's average monthly salary during the most recent six months of employment prior to the date of death.*

The payment to a surviving dependent spouse shall terminate upon her remarriage. The payment to a surviving dependent child may continue to the age of 22, provided the surviving dependent child is a full-time student. *Total survivor benefits to the dependent spouse and all the dependent children of any one deceased member shall not exceed the sum of \$100 \$450 per month. Payments for the benefit of a dependent child shall be made to the surviving parent or, if none, to the legal guardian of the child.*

Sec. 32. Laws 1967, Chapter 775, Section 7, is amended to read:

Sec. 7. [NO ESCALATION.] No benefits payable hereunder shall be altered by reason of change in salary or other benefits paid to active members of the Association. Any member who has retired prior to the effective date of this act *July 1, 1979*, upon either his a retirement annuity or his disability annuity, shall continue to receive the same monthly benefit which he was receiving on the effective date of this act *a 20 percent increase in said annuity commencing July 1, 1979*. Any survivor who was receiv-

ing or was entitled to receive benefits on the effective date of this act July 1, 1979 shall continue to receive the same benefits he was receiving or entitled to receive on the effective date of this act a 20 percent increase in said benefits commencing July 1, 1979.

Sec. 33. Laws 1967, Chapter 775, Section 3, is repealed.

Sec. 34. Laws 1955, Chapter 75, Section 10, Subdivision 3, as added by Laws 1969, Chapter 138, Section 1, is amended to read:

Subd. 3. Each member of the association who is a regular, full time fireman firefighter shall pay into the retirement funds of the association during his term of covered employment, for retirement, disability, and survivor benefits, a contribution of ~~six~~ eight percent of his salary. The contributions shall be deducted from his salary by the city of Moorhead, transmitted to the association, and deposited to the credit of the proper fund thereof. The contributions of a member who is a volunteer fireman firefighter shall be in an amount prescribed by the bylaws and shall be paid to the treasurer of the association, who shall place the same in a special fund to the credit of the individual fireman firefighter. No member shall be required to make contributions to the association for any term of service in excess of 30 35 years.

Sec. 35. Laws 1955, Chapter 75, Section 14, Subdivision 2, as added by Laws 1965, Chapter 190, Section 1, renumbered and amended by Laws 1969, Chapter 138, Section 1, and amended by Laws 1975, Chapter 120, Section 1, is amended to read:

Subd. 2. [MOORHEAD, CITY OF; FIREFIGHTERS' RELIEF FUNDS AND PENSIONS.] The funds of the association shall be invested in securities that are designated by Minnesota Statutes, Section 11.16, as legal investments for funds of the state employees retirement association. The investment of such funds shall be subject to all the restrictions provided in Minnesota Statutes, Section 11.16, except that the percentage of the funds which may be invested in common and preferred stocks in any year is not restricted, and up to ~~\$20,000~~ \$10,000 may be invested in the stock of any one corporation. The advice of a trust company concerning investments shall be given with the exercise of that degree of judgment and care, under circumstances then prevailing, which men of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived. The trust company shall have the duty to advise the association relative to the sale, conveyance, and exchange of such securities, and investment and reinvestment of funds, when it deems it desirable to do so. The trust company shall sell securities upon request of the association, when the association determines that funds are needed for the firemen's firefighter's relief association.

Sec. 36. Laws 1955, Chapter 75, Section 16, as amended by Laws 1965, Chapter 190, Section 1, and renumbered and amended

by Laws 1969, Chapter 138, Section 1, and Laws 1975, Chapter 120, Section 2, is amended to read:

Sec. 13. The amounts paid to the relief association by the state and city, including deductions from firemen's *firefighters'* salaries together with the earnings on the special fund, and set aside as the "association special fund" shall be appropriated and disbursed only for:

(a) the payment of survivors' benefits to widows and orphans of members of the association,

(b) the payment of disability or service pensions to members of the association,

(c) the payment of premiums on the official bonds of officers of the association,

(d) the payment of salaries to the officers of the association but not to exceed \$500 \$2,000 per year in total of all salaries,

(e) necessary administrative expenses including, but not limited to, actuarial, auditing, trustee's fees, and legal expenses.

(f) the payment of dues to the Minnesota volunteer firemen's *firefighters'* benefit association.

Sec. 37. Laws 1955, Chapter 75, Section 14, Subdivision 1, as added by Laws 1969, Chapter 138, Section 1, and amended by Laws 1975, Chapter 120, Section 3, is amended to read:

Sec. 14. Subdivision 1. [RETIREMENT BENEFIT; FULL TIME FIREFIGHTERS.] The basic retirement benefit for a full time fireman *firefighter* shall be 50 percent of the average salary of the fireman during the last ten years of employment. For all years of employment prior to the calendar year 1967, the average salary for such employment shall be the salary paid to said fireman during the calendar year 1967. A fireman who has been a member of the relief association for not less than 20 years shall be eligible to retire at the conclusion of 20 years of employment as a full time fireman, or at the conclusion of a period or periods with the fire department as a regular full time fireman equal to ten years and a combined record of active service with the fire department as a regular full time fireman and volunteer fireman equal to 20 years, if he was on January 1, 1965, a member of the association. For every year of service in excess of 20 years, the retirement benefit shall increase by one-half of one percent of the average salary for the last ten years of employment, said total retirement benefit not to exceed, however, 55 percent of the average salary for the last ten years of employment *firefighter based on the average salary of the highest five successive years of service.* A *firefighter* shall be eligible to retire at the conclusion of 20 or more years of service as a full time *firefighter*; or at the conclusion of a period or periods of service with the fire department as a full time *firefighter* and a volunteer *firefighter* totaling 20 or more years, provided at least ten years of such service are as a full time *firefighter*, if he was a member of the association on January 1, 1965.

Retirement shall be based on 2-½ percent per year of average salary for 20 years of service and two percent per year thereafter, to a maximum of 35 years. The minimum age at which retirement benefits may be drawn is the age of 55 years, except that a member with 18 years of service on July 1, 1967, may draw retirement benefits at the age of 50 years.

Sec. 38. Laws 1955, Chapter 75, Section 14, Subdivision 2, as added by Laws 1969, Chapter 138, Section 1, is amended to read:

Subd. 2. [RETIREMENT BENEFIT; VOLUNTEER FIRE-FIGHTERS.] A member of said association, who has completed a period or periods of service within the fire department as a volunteer ~~fireman~~ *firefighter* equal to 20 years or more; or a member of said association who is not eligible for the maximum service pension, but who has served as a volunteer ~~fireman~~ *firefighter* and as a regular full time ~~fireman~~ *firefighter*, the combined record of service with the fire department as a regular full time ~~fireman~~ *firefighter* and as a volunteer ~~fireman~~ *firefighter* being equal to 20 years, shall after he has arrived at the age of 60 years and has retired from the payroll of the fire department, be entitled to receive a service pension of ~~\$40~~ *\$48* per month.

Sec. 39. Laws 1955, Chapter 75, Section 14, Subdivision 4, as added by Laws 1969, Chapter 138, Section 1, is amended to read:

Subd. 4. [DEFERRED ANNUITY.] A member of the association may elect to withdraw from membership upon termination of his employment as a full time or volunteer ~~fireman~~ *firefighter*. In case of withdrawal from membership the association shall refund the member's contributions, *plus interest thereon at the rate of three percent compounded annually*, except that on the request of a withdrawing member with four or more years of membership credit, the association shall, in lieu of a refund, issue to him a deferred pension certificate providing for pension payments to commence at the time he would be entitled to receive a retirement pension if he had continued his membership in the association. *A member first becoming such after July 1, 1979 shall not acquire a vested interest in a deferred pension until completion of ten years of service.*

The amount of the monthly payments under the deferred pension certificate shall be the proportion of the monthly pension to which he would be entitled if he had the necessary minimum age and minimum years of service for retirement at the time of withdrawal, as his actual years of service at the time of withdrawal bear to the minimum years of service required for retirement. The monthly annuity payments shall commence upon the date the withdrawing member would have first been entitled to a retirement annuity had he continued his employment.

In the case of the death before commencement of payments to a holder of a deferred pension certificate, his contributions on which the certificate was based shall be paid to his surviving spouse, if living, otherwise to his designated beneficiary, if any, otherwise to his heirs. *The surviving spouse or a person appointed by the*

court to act for any minor children may elect to take a retirement annuity based on a regular survivor's benefit on the proportion of the monthly pension to which the person would have been entitled under the deferred pension certificate on the date of death.

Sec. 40. Laws 1955, Chapter 75, Section 14, Subdivision 5, as added by Laws 1969, Chapter 138, Section 1, is amended to read:

Subd. 5. [DISABILITY BENEFIT.] If a member of the association who is a full time ~~fireman~~ *firefighter* becomes totally and permanently disabled from ~~performing~~ *being able to perform* his duties as a ~~fireman~~ *firefighter* he shall be paid a disability benefit for the term of his disability equal to the retirement benefit which he would have received under subdivision 1 if he had retired with 20 years of service on the date he becomes disabled and were on that date at least 55 years of age. If he has not then been employed by the fire department for ~~ten~~ *five* years, the average salary for the years during which he was employed shall be used in computing the benefit to which he is entitled. If a member of the association who is a volunteer ~~fireman~~ *firefighter* becomes totally and permanently disabled from performing his duties as a ~~fireman~~ *firefighter* he shall be paid a disability benefit for the term of his disability in such amount, not to exceed \$150 per month, as the bylaws of the association may prescribe.

Determination of disability shall be made by a physician designated by the Moorhead city council, at association expense. Should either the council or the member not be satisfied with the decision of the physician engaged by the council, the matter shall be referred to a board of three physicians, one selected by the council, one selected by the member, and the third to be selected by the two physicians so selected. In default of the two physicians so selected to agree upon a third, the third shall be appointed within one month by the chief judge of the judicial district in which the city of Moorhead is located. The decision of the board of physicians shall be final. The costs of the panel of physicians shall be paid by the city. Their determination, however, shall not be construed to prevent the member from bringing action against the association to recover disability benefits.

Disability benefits shall commence 90 days after the date of the disability except that where the member is receiving salary continuation under *injury on duty*, annual or sick leave provisions of his employment with the city of Moorhead, the disability benefits shall commence on the date the *injury on duty*, annual or sick leave terminates, not to commence, however, less than 90 days from the date of disability. Disability payments hereunder shall be reduced by the amount, if any, which a member receives by way of ~~workmen's~~ *workers'* compensation benefits.

Sec. 41. Laws 1955, Chapter 75, Section 14, Subdivision 6, as added by Laws 1969, Chapter 138, Section 1, and as amended by Laws 1975, Chapter 120. Section 4, is amended to read:

Subd. 6. [SURVIVOR BENEFIT.] Upon the death of a member before retirement or upon the death of a member who was

disabled and receiving disability benefits at the time of his death or upon the death of a retired member, his surviving dependent spouse and dependent children under the age of 18 shall receive the monthly benefit provided below:

(a) If the member was a full time ~~fireman~~ *firefighter* prior to his death, disability, or retirement, the surviving dependent spouse shall receive 30 percent of the member's average monthly salary for the six months prior to his death, disability or retirement, and each dependent child shall receive ten percent of the member's average monthly salary for the six months prior to his death, disability or retirement.

(b) If the member was a volunteer ~~fireman~~ *firefighter* prior to his death, disability, or retirement, the surviving dependent spouse shall receive \$40 per month and each dependent child shall receive such amount not less than \$15 per month as the board of trustees of the association may prescribe.

The payment to a surviving dependent spouse shall terminate upon her remarriage. The payment to a surviving dependent child may continue to the age of 22, provided the surviving dependent child is a full time student. The total amount of survivor benefits to all the dependent children and the dependent spouse of any one deceased member shall not exceed the sum of ~~\$400~~ \$450 per month. Payments for the benefit of a dependent child shall be made to the surviving parent, or if there be none, to the legal guardian of the child.

No allowance for disability shall be made unless notice of such disability and application on account thereof shall be made on behalf of the disabled member to the secretary of the association within 30 days after the beginning of such disability.

Sec. 42. Laws 1955, Chapter 75, Section 14, as added by Laws 1969, Chapter 138, Section 1, is amended by adding a subdivision to read:

Subd. 7. [ESCALATION PROHIBITED.] No benefits payable pursuant to this section shall be altered by reason of change in salary or other benefits paid to active members of the association. Any member who is retired prior to July 1, 1979 upon either a retirement annuity or disability annuity, shall receive a 20 percent increase in said annuity commencing July 1, 1979. Any survivor who was receiving or was entitled to receive benefits on July 1, 1979, shall receive a 20 percent increase in said benefits commencing July 1, 1979.

Sec. 43. Laws 1955, Chapter 75, Section 19, as amended by Laws 1965, Chapter 190, Section 1, renumbered and amended by Laws 1969, Chapter 138, Section 1, is amended to read:

Sec. 16. If a member, subsequent to his entry into the service of such fire department, has served in the military forces of the United States during any war or emergency or entered the employment of the government of the United States and in such service rendered fire prevention service during any war or emergency

and has returned after his honorable discharge from such service and resumed active duty in said fire department, the period of his absence in such service of the United States shall not be deducted in computing the period of service for the purpose of any benefit under Laws 1955, Chapter 75, as amended, but shall be construed and counted as a part and portion of his active duty in said fire department, provided that credit allowed for such service shall not exceed a total of five years. Any such member, who was a full time regular fireman firefighter at the time of his entry into government service, who seeks credit for such military service shall, upon his return to employment in the department, pay into the association's special fund for each year of military service, prior to January 1, 1965, three percent of his last full year's salary paid by the city; and for each year of such service subsequent to January 1, 1965, six percent of such salary ; and for each year of service subsequent to July 1, 1979, eight percent of such salary . If such member be a volunteer member of the fire department at the time of his entry into government service, he shall pay into the association's special fund the sum prescribed in the bylaws.

Sec. 44. Sections 27 to 43 are effective upon approval by the Moorhead city council and upon compliance with Minnesota Statutes, Section 645.021. Changes in benefits and contributions shall be effective July 1, 1979."

Renumber the remaining section

Amend the title as follows:

Page 1, line 3, after "law;" insert "contributions and benefits of the Moorhead police and firefighters' relief associations;"

Page 1, line 11, before the period, insert "; Laws 1967, Chapter 775, Sections 2; 4; 5; 6; and 7; and by adding a section; Laws 1955, Chapter 75, Sections 10, Subdivision 3; 14, Subdivisions 1, 2, 4, 5, 6, and by adding a Subdivision; 16; and 19, as added, amended or renumbered; repealing Laws 1967, Chapter 775, Section 3"

The motion prevailed. So the amendment was adopted.

Mr. Davies moved to amend H. F. No. 747, as amended pursuant to Rule 49, adopted by the Senate May 7, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 809.)

Page 21, after line 4, insert:

"Sec. 27. [LIMITATION ON NONFORFEITABLE ENTITLEMENT TO BENEFIT INCREASE.] *No current annuitant, disabilitant or survivor benefit recipient and no active or inactive member of any retirement fund to which this act applies shall acquire a nonforfeitable interest in, or entitlement to, any modification in the benefit plan of the fund contained in this act or be entitled to bring any action based on any modification in the benefit plan of the fund contained in this act until a period of two years commencing with the date on which the benefit plan modification becomes effective has expired."*

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

H. F. No. 747 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Laufenburger	Peterson	Staples
Bang	Gearty	Lessard	Pillsbury	Stokowski
Benedict	Gunderson	Luther	Purfeerst	Strand
Bernhagen	Hanson	McCutcheon	Renneke	Stumpf
Brataas	Hughes	Merriam	Rued	Tennessee
Chenoweth	Humphrey	Moe	Schaaf	Ueland, A.
Chmielewski	Jensen	Nelson	Setzepfandt	Ulland, J.
Davies	Johnson	Nichols	Sieloff	Vega
Dieterich	Keefe, J.	Olhoft	Sikorski	Wegener
Dunn	Knaak	Penny	Sillers	Willet
Engler	Knoll	Perpich	Spear	

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

SPECIAL ORDER

H. F. No. 970: A bill for an act relating to unemployment compensation; limiting benefits paid to certain owners and relatives of certain businesses; amending Minnesota Statutes 1978, Section 268.07, Subdivision 3.

Mr. Pillsbury moved that the amendment made to H. F. No. 970 by the Committee on Rules and Administration in the report adopted May 14, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H. F. No. 970 was then progressed.

SPECIAL ORDER

H. F. No. 218: A bill for an act relating to public utilities; removing cooperative telephone associations from the rate jurisdiction of the public service commission; granting associations an option as to rate regulation; amending Minnesota Statutes 1978, Section 237.06.

Mr. Schaaf moved to amend the amendment placed on H. F. No. 218 by the Committee on Commerce, adopted by the Senate May 9, 1979, as follows:

Before Section 1, insert:

“Section 1. Minnesota Statutes 1978, Chapter 216B, is amended by adding a section to read:

[216B.075] [PRE-AUTHORIZED DRAFTS.] *A public utility serving 25,000 or more customers shall make available, to any customer desiring to utilize it, a system of pre-authorized drafts*

upon the account of the customer at a bank or other financial institution for payment of periodic utility bills."

Before Sec. 4, insert:

"Sec. 5. Minnesota Statutes 1978, Chapter 237, is amended by adding a section to read:

[237.48] [PRE-AUTHORIZED DRAFTS.] *A telephone company serving 25,000 or more customers shall make available, to any customer desiring to utilize it, a system of pre-authorized drafts upon the account of the customer at a bank or other financial institution for payment of periodic utility bills."*

Section 4, after "[EFFECTIVE DATE.]" delete "This act is" and insert "Sections 1 and 5 are effective March 1, 1980. The remaining sections are"

Section 4, after "enactment." delete "This act is" and insert "Sections 2 to 4 are"

Renumber the sections in sequence

Amend the title amendment as follows:

In the title amendment, after "relating to" delete "telephone companies;" and insert "public utilities; requiring certain gas and electric and telephone utilities to make the use of pre-authorized drafts available to customers;" and before "Sections" insert "Chapters 216B, by adding a section; and 237, by adding a section;"

Mr. Bernhagen questioned whether the amendment was germane.

The Chair ruled that the amendment was not germane.

H. F. No. 218 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 49 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Laufenburger	Peterson	Staples
Bang	Gearty	Lessard	Purfeerst	Stokowski
Benedict	Gunderson	Luther	Renneke	Strand
Bernhagen	Hanson	Menning	Rued	Tennessee
Brataas	Hughes	Moe	Schaaf	Ueland, A.
Chenoweth	Humphrey	Nichols	Setzepfandt	Ulland, J.
Chmielewski	Jensen	Ogdahl	Sieloff	Vega
Davies	Kleinbaum	Olhoff	Sikorski	Wegener
Dunn	Knoll	Olson	Sillers	Willet
Engler	Knutson	Penny	Solon	

Those who voted in the negative were:

Dieterich	Keefe, J.	Merriam	Spear	Stumpf
Johnson	Keefe, S.	Perpich		

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 515: A bill for an act relating to motor vehicles; defining the gross weight of a wrecker for the purposes of registration and taxation; amending Minnesota Statutes 1978, Sections 168.011, Subdivision 16; and 168.013, Subdivision 3.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 1, as follows:

Those who voted in the affirmative were:

Bang	Hanson	Luther	Purfeerst	Stokowski
Benedict	Hughes	Menning	Renneke	Strand
Bernhagen	Humphrey	Merriam	Rued	Stumpf
Chenoweth	Jensen	Moe	Schaaf	Tennessee
Chmielewski	Johnson	Nichols	Setzepfandt	Ueland, A.
Dieterich	Keefe, J.	Ogdahl	Sieloff	Ulland, J.
Dunn	Keefe, S.	Olhoft	Sikorski	Vega
Engler	Knoll	Olson	Sillers	Wegener
Frederick	Knutson	Penny	Solon	Willet
Gearty	Laufenburger	Perpich	Spear	
Gunderson	Lessard	Peterson	Staples	

Mr. Davies voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused from 6:00 to 8:00 o'clock p.m., for a Conference Committee on H. F. No. 1518:

Messrs. Moe, Perpich, Spear, Kirchner and Solon. The motion prevailed.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused at 8:00 o'clock p.m. for a Conference Committee on H. F. No. 1526:

Messrs. Moe, Tennessee, Stumpf, Ogdahl and Renneke. The motion prevailed.

SPECIAL ORDER

H. F. No. 521: A bill for an act relating to domestic abuse; authorizing judicial intervention to provide protection from domestic abuse; prescribing penalties.

Mr. Sikorski moved to amend H. F. No. 521, as amended by the Committee on Judiciary, adopted by the Senate May 10, 1979, as follows:

Page 3, line 4, delete "on the other"

Page 3, line 7, after "(c)" insert "On the same basis as is provided in chapter 518,"

Page 3, line 9, after "(d)" insert "On the same basis as is provided in chapter 518,"

Page 3, line 14, delete "the petitioner" and insert "a family or household member"

Page 3, line 21, delete "to the petitioner"

Page 3, line 26, delete "on the other"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H. F. No. 521, as amended by the Committee on Judiciary, adopted by the Senate May 10, 1979, as follows:

Page 2, line 3, after the period, insert "In a jurisdiction which utilizes referees in dissolution actions, the court or judge may refer actions under this section to a referee to take and report the evidence therein in the same manner and subject to the same limitations as is provided in section 518.13."

The motion prevailed. So the amendment was adopted.

CALL OF THE SENATE

Mr. Sikorski imposed a call of the Senate. The following Senators answered to their names:

Anderson	Frederick	Lessard	Purfeerst	Stumpf
Bang	Gearty	Luther	Renneke	Tennessee
Benedict	Gunderson	Menning	Rued	Ueland, A.
Bernhagen	Hanson	Merriam	Schaaf	Ulland, J.
Chenoweth	Hughes	Moe	Setzepfandt	Vega
Chmielewski	Humphrey	Nelson	Sieloff	Wegener
Coleman	Jensen	Nichols	Sikorski	Willet
Davies	Keefe, S.	Olhoft	Sillers	
Dieterich	Knaak	Penny	Staples	
Dunn	Knoll	Peterson	Stokowski	
Engler	Knutson	Pillsbury	Strand	

The Sergeant at Arms was instructed to bring in the absent members.

H. F. No. 521 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 53 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knutson	Perpich	Stokowski
Ashbach	Frederick	Lessard	Peterson	Strand
Bang	Gunderson	Luther	Pillsbury	Stumpf
Benedict	Hanson	McCutcheon	Purfeerst	Tennessee
Bernhagen	Hughes	Menning	Renneke	Ueland, A.
Brataas	Humphrey	Merriam	Schaaf	Ulland, J.
Chenoweth	Jensen	Moe	Sieloff	Vega
Coleman	Johnson	Nelson	Sikorski	Wegener
Davies	Kleinbaum	Nichols	Sillers	Willet
Dieterich	Knaak	Olhoft	Solon	
Dunn	Knoll	Penny	Staples	

Messrs. Chmielewski and Rued voted in the negative.

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

The question recurred on H. F. No. 970.

RECONSIDERATION

Mr. Pillsbury moved that the vote whereby the Rule 49 amendment to H. F. No. 970 was stricken, on May 15, 1979, be now reconsidered. The motion prevailed. So the vote was reconsidered. The Rule 49 amendment remains on H. F. No. 970.

H. F. No. 970: A bill for an act relating to unemployment compensation; limiting benefits paid to certain owners and relatives of certain businesses; amending Minnesota Statutes 1978, Section 268.07, Subdivision 3.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Olhoft	Sillers
Ashbach	Frederick	Knoll	Penny	Staples
Bang	Gearty	Knutson	Peterson	Stokowski
Benedict	Gunderson	Lessard	Pillsbury	Strand
Bernhagen	Hanson	Luther	Purfeerst	Stumpf
Brataas	Hughes	McCutcheon	Rued	Tennessen
Chenoweth	Humphrey	Menning	Schaaf	Ueland, A.
Davies	Jensen	Merriam	Setzepfandt	Ulland, J.
Dieterich	Keefe, J.	Nelson	Sieloff	Wegener
Dunn	Kleinbaum	Nichols	Sikorski	Willet

Messrs. Chmielewski; Johnson; Keefe, S. and Vega voted in the negative.

So the bill passed and its title was agreed to.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 1495: A bill for an act relating to taxation; providing for an ad valorem tax on railroads in lieu of the gross earnings tax; repealing limited market value; changing homestead base value; decreasing classification ratios on certain property; establishing a new category for certain residential non-homestead property; increasing homestead credit percentages and maximum amounts; increasing agricultural aid credit; extending 3cc classification to qualifying mobile homeowners; extending 3cc classification to the surviving spouse of certain deceased veterans, blind and disabled persons; changing income

sources and requirements for owners of 3cc property; allowing homestead owned by joint tenant to qualify for 3cc classification; providing for deferred assessment of value added by historical preservation; providing an exclusion of \$12,000 for pension income; excluding pensions of nonresidents from gross income; expanding the taxable net income brackets for individuals, estates and trusts; increasing personal, dependent, special credits and credits for certain low income taxpayers; providing for inflation adjustment to income tax and property tax refund brackets and credits; providing residential energy credit; allowing use of lump sum distribution tax computation for certain severance pay; altering the definition of gross income for income tax purposes for individuals, trusts and estates; placing restrictions on certain deductions; making certain changes in the minimum tax and in the treatment of small business corporations; allowing a ten year carryback of products liability losses; allowing adjustments to basis; allowing deductions for employer contributions to simplified employee plans; excluding from income certain payments to members of the armed services; increasing the maximum income tax credit for political contributions; providing an income tax deduction for certain political contributions; conforming individual deductions for business expenses, taxes, disaster losses, medical expenses and charitable contributions to federal deductions; removing certain limitations on the dependent care credit; standardizing the personal, dependent and special credits; increasing the standard deduction; updating the definition of income for property tax refund purposes; expanding inheritance and gift tax exemptions and credits; establishing a presumption of contribution by a spouse in property held jointly with the decedent; adjusting homestead exemption for inheritance tax purposes; providing a tax credit for feedlot and pollution control equipment; providing an income tax credit to a Minnesota resident for income taxes paid to a province or territory of Canada; reducing the income tax rate applicable to corporations; clarifying the purposes for which an additional property tax levy by governmental subdivisions is authorized; authorizing an additional property tax levy by governmental subdivisions in certain cases; providing for the calculation of tax levy limitations for governmental subdivisions; clarifying the taxable status of Title II property owned by a non-profit entity; providing that the commissioner of revenue shall administer and enforce the Minnesota unfair cigarette sales act; reducing the sales tax on newsprint and ink; excluding certain feminine hygiene products from the sales tax; exempting from the sales tax the furnishing of water and sewer services for residential use; providing for municipal regulation of subdivisions; providing penalties; appropriating money; amending Minnesota Statutes 1978, Sections 270.06; 272.02, Subdivision 1; 273.11; 273.122; 273.13, Subdivisions 4, 6, 6a, 7, 14a and 19; 273.132; 273.17, Subdivision 1; 275.11, Subdivision 2; 275.50, Subdivisions 5 and 6; 275.51, by adding a subdivision; 275.52, Subdivisions 2 and 5; 290.01, Subdivision 20; 290.032, by adding a subdivision; 290.06, Subdivisions 1, 2c, 3c, 3d, 9, 9a, 11, and by adding subdivisions; 290.067, Subdivisions 1 and 2; 290.081; 290.09, Subdivisions 2, 4, 5, 10, 15, 28, and

by adding a subdivision; 290.091; 290.095, by adding a subdivision; 290.14; 290.17, Subdivision 2; 290.21, Subdivision 3; 290.26, Subdivision 2; 290.971, Subdivisions 1, 3 and 6; 290.972, Subdivisions 1, 3, and 5; 290A.03, Subdivisions 3, 11 and 13; 290A.04, Subdivisions 2, 2a, 2b, 3, and by adding a subdivision; 291.01, Subdivision 4; 291.05; 291.065; 292.04; 292.07, Subdivisions 1, 5, and by adding a subdivision; 295.02; 297A.01, Subdivision 3; 297A.14; 297A.25, Subdivision 1; 462.358, by adding subdivisions; 462.36, Subdivision 1; Chapters 270, by adding sections; 272, by adding a section; 273, by adding a section; and 298, by adding a section; repealing Minnesota Statutes 1978, Sections 275.51, Subdivision 3d; 290.06, Subdivisions 3e and 12; 290.21, Subdivision 3a; 290.971, Subdivision 5; 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; 295.14; and 462.352, Subdivision 4.

Six members of the House have been appointed to a Conference Committee on the part of the House as follows:

Sieben, H.; Anderson, I.; Tomlinson; Kvam; Searles and Dempsey.

House File No. 1495 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 15, 1979

Mr. McCutcheon moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1495, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

The question recurred on H. F. No. 907.

SPECIAL ORDER

H. F. No. 907: A bill for an act relating to retirement; judges retirement fund; including the conciliation court of the city of Duluth in certain provisions governing judicial retirement; transferring the obligations and assets of the county and probate court judges survivors' account to the judges retirement fund; amending Minnesota Statutes 1978, Sections 490.121, Subdivision 2; and 490.124, Subdivision 8; repealing Minnesota Statutes 1978, Section 490.12, Subdivisions 7 and 8.

Mr. Sikorski moved to amend H. F. No. 907, as amended pursuant to Rule 49, adopted by the Senate May 14, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 959.)

Page 3, after line 33, insert:

"Sec. 7. Minnesota Statutes 1978, Section 43.051, Subdivision 3, is amended to read:

Subd. 3. Notwithstanding the provisions of subdivision 1, any employee of the state of Minnesota in a covered classification as defined in *section 352.91, who is a member of the special retirement program for correctional personnel defined in chapter 352 established pursuant to sections 352.90 to 352.95, must shall retire from such employment in the covered classification correctional position upon having reached or upon reaching the mandatory retirement age as of the effective dates established herein:*

<i>Effective Date</i>	<i>Mandatory Retirement Age</i>
<i>July 1, 1974</i>	<i>65</i>
<i>January 1, 1975</i>	<i>62</i>
<i>July 1, 1975</i>	<i>59</i>
<i>January 1, 1976</i>	<i>57</i>
<i>July 1, 1976</i>	<i>55</i>

55 years, unless the person applies for and receives from the commissioner of corrections, or the commissioner of public welfare if the appointing authority is the Minnesota security hospital an extension beyond the conditional mandatory retirement age.

A covered correctional employee may be employed beyond the mandatory retirement age for a period not to extend beyond July 1, 1980, but in no event not beyond the age of 62, subject to an annual medical examination and the written approval of the commissioner of corrections, whose decision shall be final 65 years. A correctional employee desiring employment beyond mandatory retirement age shall be examined at his own expense and the results and findings of the medical examination shall be transmitted to the commissioner of corrections prior to the date the employee would otherwise have to retire pursuant to this subdivision. , prior to the date of reaching the conditional mandatory retirement age, and annually thereafter, request in writing to the person's appointing authority that he be authorized to continue in employment. Upon receiving the request, the appointing authority shall have a medical examination made of the employee. The results of the medical examination, together with the determination and certification of the appointing authority as to the mental and physical ability of the employee to continue to fulfill the duties of his employment for the following year, shall be transmitted to the commissioner of corrections or the commissioner of public welfare if the appointing authority is the Minnesota security hospital. If the determination of the appointing authority relating to an employee is adverse, the disposition of the matter shall be decided by the commissioner of corrections or of public welfare, whichever is applicable, based on the information provided to him. The decision of the applicable commissioner shall be made in writing and shall be final."

Page 4, line 3, before "This" insert "Section 7 shall be effective May 1, 1979. The balance of"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after "fund" insert "certain requirements for correctional employees;"

Page 1, line 8, after "Sections" insert "43.051, Subdivision 3;"

The motion prevailed. So the amendment was adopted.

Mr. Sillers moved to amend H. F. No. 907, as amended pursuant to Rule 49, adopted by the Senate May 14, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 959.)

Page 3, after line 33, insert:

"Sec. 8. Minnesota Statutes 1978, Chapter 490, is amended by adding a section to read:

[490.133] [COVERAGE BY MORE THAN ONE RETIREMENT SYSTEM OR ASSOCIATION.] *Subdivision 1. [ELIGIBILITY.] Any judge who has been an employee covered by the Minnesota state retirement system, or a member of the public employees retirement association including the public employees retirement association police and fire fund, or the teachers retirement association, or the highway patrol retirement association, or a contributing employee covered by the Minneapolis municipal employees retirement fund, or a member of any other public employee retirement system in the state of Minnesota having a like provision, but excluding all other funds providing retirement benefits for police officers and fire fighters, shall be entitled when qualified to an annuity from each fund if the person's total allowable service for which he has credit in all funds or in any two of these funds totals ten or more years, provided no portion of the allowable service upon which the retirement annuity from one fund is based is again used in the computation for benefits from another fund. The annuity from each fund shall be determined by the appropriate provisions of the law governing each fund except that the requirement that a person shall have at least ten years of allowable service in the respective system or association shall not apply for the purposes of this section, provided that the aggregate service in two or more of these funds equals ten or more years.*

Subd. 2. [REFUND REPAYMENT.] Any judge who has received a refund from any public employee retirement system referred to in subdivision 1 may repay that refund with interest at the applicable rate to the retirement system from which it was taken. Any former judge who has received a refund from the judges' retirement fund pursuant to section 490.124, subdivision 12 and who is a member of any public employee retirement system referred to in subdivision 1 may repay the refund with interest at the applicable rate to the judges' retirement fund as provided in section 490.124, subdivision 12."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after "fund;" insert "providing for retirement coverage for a judge with service in more than one pension fund; providing for repayment of refunds;"

Page 1, line 9, delete "and"

Page 1, line 10, after "8;" insert "and Chapter 490, by adding a section;"

The motion prevailed. So the amendment was adopted.

H. F. No. 907 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Kleinbaum	Olson	Sillers
Ashbach	Frederick	Knaak	Penny	Staples
Bang	Gearty	Knoll	Peterson	Stokowski
Benedict	Gunderson	Knutson	Pillsbury	Strand
Bernhagen	Hanson	Lessard	Purfeerst	Stumpf
Brataas	Hughes	Luther	Rued	Tennessee
Chmielewski	Humphrey	Menning	Schaaf	Ueland, A.
Davies	Jensen	Merriam	Setzpfandt	Vega
Dieterich	Johnson	Nichols	Sieloff	Wegener
Dunn	Keefe, J.	Olhoft	Sikorski	Willet

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

SPECIAL ORDER

H. F. No. 317: A bill for an act relating to highway traffic regulations; passing a stopped school bus displaying stop arm signals; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Section 169.44, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 42 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Penny	Strand
Ashbach	Gearty	Knoll	Peterson	Tennessee
Bang	Gunderson	Knutson	Pillsbury	Ueland, J.
Benedict	Hughes	Lessard	Purfeerst	Vega
Bernhagen	Humphrey	Luther	Rued	Wegener
Brataas	Johnson	Menning	Schaaf	Willet
Chmielewski	Keefe, J.	Nichols	Setzpfandt	
Dieterich	Keefe, S.	Olhoft	Sikorski	
Dunn	Kleinbaum	Olson	Stokowski	

Messrs. Davies, Merriam, Sieloff and Ueland, A. voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 797: A bill for an act relating to juveniles; juvenile traffic offenders; requiring prosecution of juveniles who commit minor traffic offenses under laws controlling adult offenders; amending Minnesota Statutes 1978, Sections 260.111, Subdivision 1; 260.115, Subdivision 1; 260.121, Subdivision 3; and 260.193.

Mr. Anderson moved to amend H. F. No. 797 as follows:

Page 3, line 8, delete "a"

Page 3, delete lines 9 to 10 and insert "an offense punishable only by fine of not more than \$100."

The motion prevailed. So the amendment was adopted.

H. F. No. 797 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 28 and nays 18, as follows:

Those who voted in the affirmative were:

Bang	Gunderson	Merriam	Rued	Strand
Davies	Hanson	Nichols	Schaaf	Tennessee
Dieterich	Hughes	Olson	Setzepfandt	Ulland, J.
Engler	Jensen	Penny	Sieloff	Vega
Frederick	Lessard	Purfeerst	Sikoraki	
Garty	Luther	Renneke	Stokowski	

Those who voted in the negative were:

Anderson	Chmielewski	Keefe, J.	Olhoff	Ueland, A.
Benedict	Dunn	Knaak	Peterson	Willet
Bernhagen	Humphrey	Knutson	Pillsbury	
Brataas	Johnson	Menning	Staples	

So the bill, as amended, failed to pass.

SPECIAL ORDER

S. F. No. 437: A bill for an act relating to state property; authorizing the conveyance of certain state property in Kandiyohi County to the city of Willmar; appropriating money.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Dieterich	Humphrey	Luther	Olson
Benedict	Engler	Jensen	McCutcheon	Penny
Bernhagen	Frederick	Johnson	Menning	Peterson
Chenoweth	Garty	Keefe, J.	Merriam	Pillsbury
Chmielewski	Gunderson	Knaak	Nelson	Purfeerst
Coleman	Hanson	Knutson	Nichols	Renneke
Davies	Hughes	Lessard	Olhoff	Rued

Schaaf	Sikorski	Strand	Tennessee	Ulland, J.
Setzepfandt	Staples	Stumpf	Ueland, A.	
Sieloff	Stokowski			

So the bill passed and its title was agreed to.

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

MEMBERS EXCUSED

Messrs. Laufenburger and Ogdahl were excused from the Session of today at 5:45 o'clock p.m. Messrs. Keefe, S. and Sillers were excused from this evening's Session at 6:30 o'clock p.m. Mr. Knoll was excused from this evening's Session at 6:40 o'clock p.m. Messrs. McCutcheon and Tennessee were excused from this evening's Session at 7:00 o'clock p.m. Mr. Bang was excused from this evening's Session at 7:20 o'clock p.m.

SPECIAL ORDER

H. F. No. 643: A bill for an act relating to marriage; eliminating certain information from the marriage license application; defining terms; requiring personal service in a dissolution; providing for the court's findings in an uncontested dissolution; providing mutual restraining orders pending a dissolution; providing additional relevant factors for making custody determinations and for awarding maintenance; permitting retroactive modification of support and maintenance orders for inability to pay; amending Minnesota Statutes 1978, Sections 517.03; 517.08, Subdivision 1a; 518.07; 518.09; 518.10; 518.13; 518.135, Subdivision 2; 518.155; 518.156; 518.165; 518.17, Subdivision 1; 518.175, Subdivision 1; 518.176; 518.54, Subdivision 5; 518.55; 518.551; 518.552, Subdivision 2; 518.58; 518.64, Subdivision 2; 518.66; and Chapter 518, by adding a section.

Mr. Sieloff moved to amend H. F. No. 643, the unofficial engrossment, as follows:

Page 25, line 27, after the period, insert "*A modification which increases support or maintenance shall not be made retroactive if the obligor has substantially complied with the previous order.*"

The motion prevailed. So the amendment was adopted.

Mr. Davies moved to amend H. F. No. 643, the unofficial engrossment, as follows:

Page 10, line 21, delete "*temporary*" and after "*hearing*" insert "*for a temporary order*"

Page 11, line 13, delete "*and restraining orders*"

Page 18, lines 17 and 18, delete "*whose name was changed by the marriage*"

The motion prevailed. So the amendment was adopted.

Mr. Chmielewski moved to amend H. F. No. 643, the unofficial engrossment, as follows:

Page 1, line 30, delete "*before*" and insert "*within the six month period following the time when*"

The question was taken on the adoption of amendment.

The roll was called, and there were yeas 12 and nays 35, as follows:

Those who voted in the affirmative were:

Bernhagen	Knutson	Olhoff	Renneke	Strand
Chmielewski	Lessard	Penny	Rued	Willet
Kleinbaum	Menning			

Those who voted in the negative were:

Anderson	Dieterich	Hughes	Merriam	Sieloff
Ashbach	Dunn	Humphrey	Nelson	Sikorski
Benedict	Engler	Jensen	Nichols	Staples
Brataas	Frederick	Johnson	Pillsbury	Stokowski
Chenoweth	Gearty	Keefe, J.	Purfeerst	Stumpf
Coleman	Gunderson	Knaak	Schaaf	Ueland, A.
Davies	Hanson	Luther	Setzepfandt	Ulland, J.

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

Mr. Sieloff moved to amend H. F. No. 643, the unofficial engrossment, as follows:

Page 3, line 10, after "SEPARATION" insert "; GROUNDS; UNCONTESTED LEGAL SEPARATION"

Page 21, after line 7, insert:

"Sec. 26. Minnesota Statutes 1978, Section 518.552, is amended to read:

518.552 [MAINTENANCE.] Subdivision 1. In a proceeding for dissolution of marriage or legal separation, or in a proceeding for maintenance following dissolution of the marriage by a court which lacked personal jurisdiction over the absent spouse and which has since acquired jurisdiction, the court may grant a maintenance order for either spouse if it finds that the spouse seeking maintenance:

(a) Lacks sufficient property, including marital property apportioned to him, to provide for his reasonable needs, especially during a period of training or education, and

(b) Is unable to *adequately* support himself *after considering all relevant circumstances* through appropriate employment or is the custodian of a child whose condition or circumstances make it appropriate that the custodian not be required to seek employment outside the home.

Subd. 2. The maintenance order shall be in amounts and for periods of time as the court deems just, without regard to marital misconduct, and after considering all relevant factors including:

(a) The financial resources of the party seeking maintenance, including marital property apportioned to him, and his ability to meet his needs independently, including the extent to which a provision for support of a child living with the party includes a sum for that party as custodian;

(b) The time necessary to acquire sufficient education or training to enable the party seeking maintenance to find appropriate employment;

(c) The standard of living established during the marriage;

(d) The duration of the marriage;

(e) The age, and the physical and emotional condition of the spouse seeking maintenance; and

(f) The ability of the spouse from whom maintenance is sought to meet his needs while meeting those of the spouse seeking maintenance; and

(g) *The contribution of each party in the acquisition, preservation, depreciation, or appreciation in the amount or value of the marital property, as well as the contribution of a spouse as a homemaker.*"

Page 21, delete lines 8 to 33

Page 22, delete line 1

Page 25, line 24, after "support" insert "or maintenance"

Amend the title as follows:

Page 1, line 19, delete ", Subdivision 2"

Mr. Davies requested division of the amendment as follows:

First portion:

Page 25, line 24, after "support" insert "or maintenance"

Second portion:

Page 3, line 10, after "SEPARATION" insert ";; GROUNDS; UNCONTESTED LEGAL SEPARATION"

Page 21, after line 7, insert:

"Sec. 26. Minnesota Statutes 1978, Section 518.552, is amended to read:

518.552 [MAINTENANCE.] Subdivision 1. In a proceeding for dissolution of marriage or legal separation, or in a proceeding for maintenance following dissolution of the marriage by a court which lacked personal jurisdiction over the absent spouse and which has since acquired jurisdiction, the court may grant a maintenance order for either spouse if it finds that the spouse seeking maintenance:

(a) Lacks sufficient property, including marital property apportioned to him, to provide for his reasonable needs, especially during a period of training or education, and

(b) Is unable to *adequately* support himself *after considering all relevant circumstances* through appropriate employment or is the custodian of a child whose condition or circumstances make it appropriate that the custodian not be required to seek employment outside the home.

Subd. 2. The maintenance order shall be in amounts and for periods of time as the court deems just, without regard to marital misconduct, and after considering all relevant factors including:

(a) The financial resources of the party seeking maintenance, including marital property apportioned to him, and his ability to meet his needs independently, including the extent to which a provision for support of a child living with the party includes a sum for that party as custodian;

(b) The time necessary to acquire sufficient education or training to enable the party seeking maintenance to find appropriate employment;

(c) The standard of living established during the marriage;

(d) The duration of the marriage;

(e) The age, and the physical and emotional condition of the spouse seeking maintenance; and

(f) The ability of the spouse from whom maintenance is sought to meet his needs while meeting those of the spouse seeking maintenance; *and*

(g) *The contribution of each party in the acquisition, preservation, depreciation, or appreciation in the amount or value of the marital property, as well as the contribution of a spouse as a homemaker."*

Page 21, delete lines 8 to 33

Page 22, delete line 1

Amend the title as follows:

Page 1, line 19, delete " , Subdivision 2"

The question was taken on the first portion of the amendment. The motion prevailed. So the first portion of the amendment was adopted.

The question was taken on the second portion of the amendment.

The roll was called, and there were yeas 26 and nays 21, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knutson	Renneke	Ulland, J.
Ashbach	Frederick	Menning	Rued	Wegener
Bernhagen	Gearly	Merriam	Sieloff	
Brataas	Hughes	Penny	Sikorski	
Chmielewski	Keefe, J.	Pillsbury	Staples	
Dunn	Knaak	Purfeerst	Ueland, A.	

Those who voted in the negative were:

Benedict	Gunderson	Nelson	Schaaf	Willet
Chenoweth	Humphrey	Nichols	Setzepfandt	
Coleman	Kleinbaum	Olhoff	Strand	
Davies	Lessard	Olson	Stumpf	
Dieterich	Luther	Peterson	Vega	

The motion prevailed. So the second portion of the amendment was adopted.

H. F. No. 643 was then progressed.

Without objection, the Senate reverted to the Order of Business of Messages from the House, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 60: A bill for an act relating to natural resources; modifying certain trespass laws; amending Minnesota Statutes 1978, Section 100.273, Subdivision 1.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows:

Wieser, Den Ouden, Prael and Begich.

House File No. 60 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 15, 1979

Mr. Purfeerst moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 60, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 248: A bill for an act relating to banks and banking; authorizing state banks to lease personal property under certain conditions; amending Minnesota Statutes 1978, Section 48.152.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows:

Wieser, Sviggum, Brinkman and Wenzel.

House File No. 248 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 15, 1979

Mr. Sikorski moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 248, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Pursuant to Rule 21, Mr. Johnson moved that the following members be excused at 7:30 o'clock p.m. for a Conference Committee on H. F. No. 1495:

Messrs. McCutcheon, Johnson, Hanson, Stokowski and Sillers. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

APPOINTMENTS

Mr. Coleman from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S. F. No. 856: Mrs. Staples, Messrs. Keefe, J. and Nelson.

S. F. No. 1351: Messrs. Keefe, S.; Setzepfandt; Nichols; Nelson and Mrs. Brataas.

H. F. No. 772: Messrs. Penny, Peterson and Frederick.

H. F. No. 261: Messrs. Humphrey, Anderson, Ogdahl, Knoll and Chenoweth.

S. F. No. 450: Messrs. Sieloff, Dieterich and Mrs. Knaak.

H. F. No. 223: Messrs. Merriam, Anderson, Dunn, Hughes and Dieterich.

H. F. No. 455: Mr. Merriam, Mmes. Knaak, Staples, Brataas, and Mr. Peterson.

H. F. No. 1495: Messrs. McCutcheon, Johnson, Hanson, Stokowski, and Sillers.

Mr. Coleman moved that the foregoing appointments be approved. The motion prevailed.

Mr. Coleman from the Committee on Rules and Administration, to which was re-referred

S. F. No. 129: A bill for an act relating to reapportionment of the legislature and congressional districts; proposing an amendment to the Minnesota Constitution, Article IV, Sections 2, 3 and 4 to provide for establishment of the boundaries of congressional and legislative districts by a commission, removing the requirement that all senators be elected at the first general election following an apportionment and limiting the power of the legislature to change the number of senators and representatives; implementing the proposed amendment by providing by law for the duties, powers and operation of the commission; and repealing Minnesota Statutes 1978, Sections 2.041 to 2.712 and 2.731 to 2.811.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 917: A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increasing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a reopened case fund; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, by adding subdivisions; 79.095; 79.10; 79.21; 79.22, by adding a subdivision; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.081, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivision 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179; 176.191; 176.231, Subdivisions 1 and 2; 176.235, Subdivision 1; 176.271; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding a section; repealing Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7.

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

Page 1, after line 31, insert:

"Section 1. Minnesota Statutes 1978, Section 79.01, Subdivision 2, is amended to read:

Subd. 2. [INSURER.] The word "insurer" means any insurance carrier authorized by license issued by the commissioner of insurance to transact the business of workers' compensation insurance in this state and includes the Minnesota voluntary group self insurance association established by section 60."

Page 2, line 32, delete "*which*" and insert "*that*"

Page 3, line 5, after "*rates*" insert a comma

- Page 3, line 9, delete "*In the event*" and insert "*If*"
- Page 3, line 10, after the comma insert "*he shall notify*"
- Page 3, line 10, delete "*shall be*"
- Page 3, line 11, delete "*notified*"
- Page 3, line 13, delete "*with*" and insert "*on*"
- Page 3, line 14, delete "*respect to*"
- Page 3, line 17, delete "*, provided that*" and insert a period
- Page 3, line 18, delete "*and*" and insert a period
- Page 3, line 22, delete "*matter*" and insert "*matters,*"
- Page 3, line 28, delete "*as*" and insert "*made by*"
- Page 3, line 29, delete "*shall make*"
- Page 4, line 2, delete "*; provided that*" and insert a period
- Page 4, line 7, delete "*In the event that*" and insert "*If*"
- Page 4, line 10, delete "*shall*"
- Page 4, line 10, delete "*a*" and insert "*the*"
- Page 4, line 11, delete "*is authorized to*" and insert "*may*"
- Page 4, line 12, delete "*as*"
- Page 4, line 19, delete "*is authorized to*" and insert "*may*"
- Page 4, line 27, delete "*of this act*"
- Page 4, line 27, delete "*2*" and insert "*3*"
- Page 4, line 32, delete "*Any*" and insert "*An*"
- Page 5, line 6, delete "*which shall be*" and insert "*that are*"
- Page 5, line 7, delete "*shall be*" and insert "*is*"
- Page 5, line 8, delete "*2*" and insert "*3*"
- Page 5, lines 8 and 23, delete "*of this act*"
- Page 5, line 16, after "*after*" insert "*a*"
- Page 5, line 17, delete "*which*" and insert "*that*"
- Page 5, line 23, delete "*2 and 3*" and insert "*3 and 4*"
- Page 5, line 25, delete "*any*" and insert "*an*"
- Page 5, line 27, delete "*shall*" and insert "*is*" and delete "*be*"
- Page 5, line 27, delete "*such*" and insert "*judicial*"
- Page 5, line 30, after the comma insert "*the order under review and*"
- Page 5, line 32, delete "*shall be deemed to be*" and insert "*is*"
- Page 6, line 13, delete "*shall*" and insert "*are*" and delete "*be*"

- Page 6, line 14, delete "*deemed to be*"
- Page 6, line 24, delete "*such*" and insert "*the*"
- Page 6, line 26, delete "*basis*" and insert "*bases*"
- Page 6, line 33, delete "*which*" and insert "*that*"
- Page 7, line 8, delete "*shall be*" and insert "*is*"
- Page 7, line 9, delete "*shall*" and insert "*is*" and delete "*be*"
- Page 7, line 11, delete "2" and insert "3"
- Page 7, line 11, delete "*of*"
- Page 7, line 12, before "*or*" delete "*this act*"
- Page 7, line 12, delete "3" and insert "4"
- Page 7, line 12, after "3" delete "*of this act*"
- Page 7, line 25, delete "2 or 3" and insert "3 or 4"
- Page 7, line 25, delete "*of this act*"
- Page 7, line 25, delete "*shall be*" and insert "*apply*"
- Page 7, line 26, delete "*applicable*"
- Page 7, line 28, delete "*shall be*" and insert "*apply*"
- Page 7, line 29, delete "*applied*"
- Page 7, line 33, delete "*Shall be*" and insert "*Is*"
- Page 8, lines 2 and 4, delete "*2 and 3*" and insert "*3 and 4*"
- Page 8, lines 2 and 4, delete "*of this act*"
- Page 9, lines 6, 25 and 33, delete "*which*" and insert "*that*"
- Page 9, after line 21, insert:

"Sec. 11. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.171] [INFORMATION.] *In addition to other information that the commissioner requests pursuant to section 3, the rating association shall: (a) separate the incurred but not reported losses of its members; (b) separate paid and outstanding losses of its members; (c) provide information indicating cases in which its members have established a reserve in excess of \$50,000; and (d) provide information on the income on invested reserves of its members.*

The commissioner shall consider this information in an appropriate manner in adopting a schedule of rates and shall decline to grant a hearing pursuant to section 3 if the association fails to provide the information."

Page 10, line 12, delete "29" and insert "42"

Page 10, line 12, delete "*of this act*"

Page 10, after line 20, insert:

"Sec. 15. Minnesota Statutes 1978, Section 79.25, is amended to read:

79.25 [BUREAU TO FIX PREMIUM RATES.] *Subdivision 1.* When any ~~such~~ rejected risk is called to its attention and it ~~appearing~~ *appears* that the risk is in good faith entitled to coverage the bureau shall fix the initial premium therefor and may fix an additional charge to compensate the agent of record for his services and, upon its payment, the bureau shall designate a member, whose duty it shall be to issue a policy containing the usual and customary provisions found in such policies therefor, but for which undertaking all members of the bureau shall be reinsurers as among themselves in the amount which the compensation insurance written in this state during the preceding calendar year by that member bears to the total compensation insurance written in this state during the preceding year by all the members of the bureau.

Subd. 2. An insurer that issues a policy pursuant to this section shall not receive an expense allowance that exceeds an expense allowance approved by the commissioner for other insurers.

Sec. 16. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.33] [ADDITIONAL DUTIES OF THE COMMISSIONER.] *In addition to other duties prescribed to the commissioner, he shall: (a) establish a maximum wage base, relative to maximum benefits, upon which premiums are calculated; (b) study the feasibility of extending the experience rating system to employers who are not covered by it; and (c) require insurers when establishing reserves to use life expectancy tables, when available, that are appropriate for persons with equivalent disabilities. If these life expectancy tables are not available, the commissioner shall require insurers to develop them unless their development is not feasible.*

Sec. 17. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.34] [CREATION OF REINSURANCE ASSOCIATION.] *Subdivision 1.* An unincorporated, nonprofit association known as the workers' compensation reinsurance association is created. 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. Employers who self insure pursuant to section 176.181, subdivision 2 shall also be members. Each member shall be bound by the plan of operation of the reinsurance association.

Subd. 2. The reinsurance association shall provide and each member shall accept indemnification for 100 percent of the amount of ultimate loss sustained under chapter 176 in excess of \$200,000 in each loss occurrence. Ultimate loss means the actual loss amounts that a member is obligated to pay and that are paid or payable by the member and does not include claim expenses. An ultimate

loss is incurred by the reinsurance association on the date when the loss occurs.

Subd. 3. An insurer may withdraw from the reinsurance association only upon ceasing to write workers' compensation insurance in this state.

An insurer whose membership in the reinsurance association is terminated shall continue to be bound by the plan of operation. All unpaid premiums that have been charged to the withdrawing member are payable on the effective date of the withdrawal.

Subd. 4. An unsatisfied net liability to the reinsurance association of an insolvent member shall be apportioned among the remaining members of the reinsurance association as provided in the plan of operation. The reinsurance association has all rights allowed by law on behalf of the remaining members against the assets of the insolvent member for sums due the reinsurance association.

Subd. 5. When a member has merged or consolidated with another insurer or another insurer has reinsured a member's entire business that provides the insurance required by chapter 176, the member and successors in interest of the member remain liable for the member's obligations.

Subd. 6. No insurer or self insurer shall establish a reserve to cover losses in excess of its maximum liability of \$200,000 for each loss.

Sec. 18. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.35] [DUTIES; RESPONSIBILITIES; POWERS.] *The reinsurance association shall do the following on behalf of its members:*

(a) *Assume 100 percent of the liability as provided in section 16;*

(b) *Establish procedures by which members shall promptly report to the reinsurance association each claim that, on the basis of the injury sustained, may reasonably be anticipated to involve the reinsurance association if the member is held liable under chapter 176. Solely for the purpose of reporting claims, the member shall in all instances consider itself legally liable for the injury. The member shall advise the reinsurance association of subsequent developments likely to materially affect the interest of the reinsurance association in the claim;*

(c) *Maintain relevant loss and expense data relative to all liabilities of the reinsurance association and require each member to furnish statistics in connection with liabilities of the reinsurance association at the times and in the form and detail required by the plan of operation;*

(d) *Calculate and charge to members a total premium sufficient to cover the expected losses of the reinsurance association that the reinsurance association will likely pay during the period*

for which the premium is applicable. Each member shall be charged an amount equal to the proportion of that member's earned premium for workers' compensation insurance, relative to the total earned premium for workers' compensation insurance written in this state during the period to which the premium applies. The board shall establish an equitable basis for premium charges to self insurers. The reinsurance association shall not establish a reserve in anticipation of expected losses;

(e) Require and accept the payment of premiums from members of the reinsurance association. The reinsurance association shall (1) require payment of the premium in full within 45 days after the premium charge; or (2) require payment of the premium to be made periodically to cover the actual cash obligations of the reinsurance association;

(f) Receive and distribute all sums required by the operation of the reinsurance association; and

(g) Establish procedures for reviewing claims procedures and practices of members of the reinsurance association. If the claims procedures or practices of a member are considered inadequate to properly service the liabilities of the reinsurance association, the reinsurance association may undertake or may contract with another person, including another member, to adjust or assist in the adjustment of claims that create a potential liability to the association and may charge the cost of the adjustment to the member.

Sec. 19. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.36] [ADDITIONAL POWERS.] In addition to the powers granted in section 18, the reinsurance association may do the following:

(a) Sue and be sued. A judgment against the reinsurance association does not create a direct liability against the individual members of the reinsurance association;

(b) Reinsure all or any portion of its potential liability with reinsurers licensed to transact insurance in this state;

(c) Provide for appropriate housing, equipment, and personnel necessary to assure the efficient operation of the reinsurance association;

(d) Contract for goods and services, including independent claims management, actuarial, investment, and legal services from others within or without this state to assure the efficient operation of the reinsurance association;

(e) Adopt rules for the administration of the reinsurance association, enforce those rules, and delegate authority as necessary to assure its proper administration and operation;

(f) Intervene at any time, in any proceeding under chapter 79 or 176 in which liability of the reinsurance association may, in the

opinion of its board of directors, be established, or the reinsurance association affected in any other way;

(g) Hear and determine complaints of a company or other interested party concerning the operation of the reinsurance association; and

(h) Perform other acts not specifically enumerated in this section that are necessary or proper to accomplish the purposes of the reinsurance association and that are not inconsistent with sections 17 to 25 or the plan of operation.

Sec. 20. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.37] [BOARD OF DIRECTORS.] *A board of directors is created and is responsible for the operation of the reinsurance association consistent with the plan of operation and sections 17 to 25. The board consists of nine directors appointed by the commissioner of insurance. Three directors shall be representatives of insurers, three shall be representatives of employers, and three shall be representatives of employees. Each director serves until his successor is appointed and qualifies. Terms of the directors shall be staggered so that the terms of the directors do not all expire at the same time and so that a director does not serve a term of more than four years. The board shall select a chairman and other officers it deems appropriate.*

A majority of the board constitutes a quorum, notwithstanding any vacancies. Action may be taken by a majority vote of the directors present.

Sec. 21. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.38] [PLAN OF OPERATION.] *Subdivision 1. The board of directors shall adopt a proposed plan of operation consistent with the objectives and provisions of sections 17 to 25 that provides for the economical, fair, and nondiscriminatory administration of the reinsurance association and for the prompt and efficient provision of indemnity. The plan of operation shall provide for all of the following:*

(a) The establishment of necessary facilities;

(b) The management and operation of the reinsurance association;

(c) A preliminary premium, payable by each member in proportion to its total first-year premium, for initial expenses necessary to commence operation of the reinsurance association;

(d) Procedures to be utilized in charging premiums, including adjustments from excess or deficient premiums from prior periods;

(e) Procedures governing the actual payment of premiums to the reinsurance association;

(f) *Reimbursement of each member of the board by the reinsurance association for actual and necessary expenses incurred on reinsurance association business;*

(g) *The investment policy of the reinsurance association; and*

(h) *Any other matters required by or necessary to effectively implement sections 17 to 25.*

Subd. 2. The proposed plan of operation and amendments to the plan of operation are subject to majority approval by the board, ratification by a majority of the membership having a vote, with voting rights being apportioned according to the premiums charged, and approval by the commissioner.

Subd. 3. Upon approval by the commissioner, or upon the promulgation of a plan by the commissioner, each insurer authorized to write workers' compensation insurance is bound by and shall formally subscribe to and participate in the approved plan as a condition of maintaining its authority to transact insurance in this state.

Sec. 22. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.39] [APPLICABILITY OF CHAPTER 79.] *The reinsurance association is subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the reinsurance association at any time and examine any and all the reinsurance association's affairs.*

Sec. 23. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.40] [PREMIUM INCLUSION IN RATEMAKING.] *Premiums charged members by the reinsurance association shall be recognized in the ratemaking procedures for insurance rates in the same manner that expenses and premium taxes are recognized.*

Sec. 24. **[ORGANIZATIONAL MEETING.]** *Not more than 30 days after the effective date of sections 17 to 25, the commissioner shall convene an organizational meeting of the board. The board is initially composed of nine members of the reinsurance association appointed by the commissioner to serve as directors and the commissioner or his designee serving as an ex officio member. The initial term of office of a director is two years.*

Sec. 25. **[SUBMISSION OF PLAN.]** *Subdivision 1. Not more than 60 days after the initial organizational meeting of the board, the board shall submit to the commissioner for approval the proposed plan of operation. If a plan is not submitted within this 60-day period, the commissioner shall formulate and place into effect a plan consistent with this chapter.*

Subd. 2. The plan of operation, unless approved sooner in writing, meets the requirements of this section if it is not disapproved by written order of the commissioner within 30 days after the date of its submission. Before disapproval of all or any part of the pro-

posed plan of operation, the commissioner shall notify the board in what respect the plan of operation fails to meet the requirements and objectives of this section. If the board fails to submit a revised plan of operation that meets the requirements and objectives of this section within the 30-day period, the commissioner shall enter an order accordingly and shall immediately formulate and place into effect a plan consistent with the requirements and objectives of section 19.

Subd. 3. The reinsurance association is not liable for losses occurring before the effective date of sections 17 to 25."

Page 16, line 24, strike "upon"

Page 16, line 25, delete "cessation" and strike "of"

Page 16, line 25, reinstate "as soon as"

Page 16, line 26, reinstate the stricken language and delete the new language

Page 16, line 27, delete the new language

Page 20, line 20, reinstate "(1)" and delete the comma

Page 20, lines 25 to 30, reinstate the stricken language

Page 26, line 14, strike "the workers'" and insert "this subdivision"

Page 26, line 15, strike everything before the second comma

Page 26, delete lines 24 to 33

Page 27, delete lines 1 to 6

Page 28, lines 29 to 33, delete the new language and reinstate the stricken language

Page 29, lines 1 to 11, delete the new language

Page 30, line 15, delete "who shall be"

Page 30, line 29, after "terms" insert a comma

Page 30, line 32, delete "final"

Page 31, line 5, delete "shall constitute" and insert "constitutes"

Page 31, line 22, delete "should" and insert "if"

Page 31, line 25, delete "shall be authorized to" and insert "may"

Page 32, line 5, after "plan" insert a comma

Page 32, lines 23 and 28, delete "which" and insert "that"

Page 32, line 31, delete "is" and insert ", are"

Page 33, line 8, delete "is" and insert "may"

Page 33, line 9, delete "final" and insert "be appealed to the workers' compensation court of appeals"

Page 33, line 28, after "provided" insert a comma

Page 34, line 19, delete "shall be" and insert "is"

Page 34, line 23, delete "shall be considered to be" and insert "is"

Page 34, line 28, after "the" insert "portion of the"

Page 34, line 28, delete "which" and insert "that"

Page 35, line 33, delete "17" and insert "36"

Page 36, lines 1, 7 and 10, delete "which" and insert "that"

Page 36, line 10, delete "that" and insert "the"

Page 39, line 17, delete everything after "[CREATED.]"

Page 39, delete line 18

Page 39, line 22, delete "12" and insert "14"

Page 39, line 22, delete "of this act"

Page 39, line 23, after "of" insert "a special account to be known as"

Page 39, line 27, after "fund" insert ", and any loss from investment shall be borne by it"

Page 39, line 32, after "death" insert a comma

Page 40, line 25, delete "which" and insert "that"

Page 41, line 4, delete "shall be" and insert "is"

Page 41, line 5, delete "pursuant to this section"

Page 43, line 25, delete "shall"

Page 44, line 3, after "be" insert "; provided that when an interested party requests, at any time prior to a prehearing conference, that a neutral physician be designated, the compensation judge shall make such a designation. When a party has requested the designation of a neutral physician prior to a prehearing conference, that party may withdraw the request at any time prior to the hearing"

Page 45, line 8, delete "such" and insert "the"

Page 45, line 11, delete "shall be allowed to" and insert "may"

Page 45, line 16, delete "which" and insert "that"

Page 45, after line 17, insert:

"Sec. 49. Minnesota Statutes 1978, Section 176.181, is amended by adding a subdivision to read:

Subd. 1a. [POLICY.] It is the policy of the state to assure that all employers are provided with the opportunity to obtain workers' compensation insurance at a cost that is reasonable, does not cause an undue burden on the employer or place the employer at a competitive disadvantage with employers from neighboring states.

Self insurance has been demonstrated to be a practical, feasible and economic approach for large employers in providing the required workers' compensation coverage for their employees. However, smaller employers have not been able to select this method of insuring their employees against work related injuries and have therefore been unable to take advantage of the benefits of self insuring. Therefore, it is the declared policy of the state to provide a mechanism by which employers of all sizes may voluntarily join with other employers to obtain workers' compensation insurance at the lowest possible cost. Subdivision 2 provides employer groups the alternative of self insuring at a cost that is reasonable.

Sec. 50. Minnesota Statutes 1978, Section 176.181, Subdivision 2, is amended to read:

Subd. 2. [COMPULSORY INSURANCE; SELF-INSURERS.]
(1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of ~~such~~ compensation with some insurance carrier authorized to insure ~~such workers' compensation~~ liability in this state, or obtain a written order from the commissioner of ~~labor and industry insurance~~ exempting ~~such the~~ employer from insuring his liability for compensation and permitting him to self-insure ~~such the~~ liability. *The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 15. The commissioner may also allow as he deems appropriate shall also adopt, pursuant to clause (2)(c) of this subdivision, rules permitting two or more employers in the same industry to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of labor and industry insurance, any employer may exclude medical, chiropractic and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure such the other portion of his operations which may be determined by the commissioner of labor and industry insurance to be a distinct and separate risk. An employer desiring to be exempted from insuring his liability for compensation shall make application to the commissioner of labor and industry insurance, showing his financial ability to pay such the compensation, whereupon by written order the commissioner of labor and industry insurance may make such an exemption as it he deems proper. The commissioner of labor and industry insurance may require further statements of financial ability of the employer to pay compensation. Upon ten days written notice the commissioner of labor and industry insurance may revoke his order granting such an exemption, in which event the employer shall immediately insure his liability. As a condition for the granting of an exemption the commissioner of labor and industry insurance may require the employer to furnish such security as it the commissioner considers sufficient to insure payment of all claims under this chapter. If the required security is in the form of currency or negotiable bonds, the commissioner of labor and industry insurance shall deposit same it with the state treasurer. In the event of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry*

directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to ~~such~~ *the* self-insurer, the commissioner of ~~labor and industry insurance~~ may by written order to the state treasurer require him to sell the pledged and assigned securities or ~~such a~~ part thereof as is necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When ~~such~~ securities are sold the money ~~so~~ obtained shall be deposited in the state treasury to the credit of the commissioner of ~~labor and industry insurance~~ and awards made against any such self-insurer by the commissioner of ~~labor and industry insurance~~ shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of ~~labor and industry insurance~~ and approved by the commissioner of finance out of the proceeds of the sale of ~~such~~ securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of ~~labor and industry insurance~~, at any time, upon at least ten days notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2)(a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed to do so by the commissioner of insurance. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of insurance is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of insurance may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of insurance.

(c) To carry out the purposes of this subdivision, the commissioner of insurance may promulgate administrative rules, including emergency rules, pursuant to sections 15.0411 to 15.052. These rules may:

(1) establish reporting requirements for administrators of group self-insurance plans;

(2) establish standards and guidelines to assure the adequacy of the financing and administration of group self-insurance plans;

(3) *establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;*

(4) *establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;*

(5) *establish standards or guidelines governing the formation, operation, administration and dissolution of self-insurance plans; and*

(6) *establish other reasonable requirements to further the purposes of this subdivision."*

Page 47, line 7, after "injury" insert a comma

Page 47, line 9, after "Statutes" insert "1978, Section"

Page 47, line 27, after "Statutes" insert "1978, Section"

Page 49, after line 2, insert:

"Sec. 55. Minnesota Statutes 1978, Section 176.241, is amended to read:

176.241 [NOTICE TO DIVISION OF INTENTION TO DISCONTINUE COMPENSATION PAYMENTS.] Subdivision 1. [NECESSITY FOR NOTICE AND SHOWING; CONTENTS.] Where an employee claims that the right to compensation continues, or refuses to sign or objects to signing a final receipt for compensation, the employer may not discontinue payment of compensation until he notifies the division in writing of his intention to do so he provides the division with notice in writing of his intention to do so, together with a statement of facts clearly indicating the reasons for the discontinuance.

The notice to the division shall state the date of intended discontinuance, the reason for such the action, and the fact that the employee objects to the discontinuance. The notice shall be accompanied by a statement of facts in support of the discontinuance of compensation payments and whatever medical reports are in the possession of the employer bearing on the physical condition of the employee at the time of the proposed discontinuance.

Subd. 2. [CONTINUANCE OF EMPLOYER'S LIABILITY; SUSPENSION.] Except where the commissioner of the department of labor and industry orders otherwise, until the notice and reports have been filed with the division, the liability of the employer to make payments of compensation continues.

When the division has received a notice of discontinuance. the statement of facts and available medical reports, the duty of the employer to pay compensation is suspended pending an investigation, hearing, and determination of the matter by the division as provided in the following subdivisions.

Subd. 3. [COPY OF NOTICE TO EMPLOYEE, INVESTIGATION, HEARING.] When the division has received a notice of discontinuance, it shall immediately send the employee a copy of the notice and copies of whatever medical reports supporting documents which have been submitted in conjunction with the notice.

The commissioner of the department of labor and industry shall make an investigation to determine whether the right to compensation has terminated. If it appears from the investigation that the right to compensation may not have terminated, the commissioner of the department of labor and industry shall schedule a hearing before a compensation judge, to determine the right of the employee, or his dependent, to further compensation.

The hearing shall be held within a reasonable time after the division has received the notice of discontinuance. The commissioner of the department of labor and industry shall give eight days notice of the hearing to interested parties.

Subd. 4. [ORDER.] When the hearing has been held, and he has duly considered the evidence, the person who held the hearing shall promptly enter an order directing the payment of further compensation or confirming the termination of compensation. Where the order confirms a termination of compensation, the commissioner of the department of labor and industry shall notify the employer of such *the* action. This notification relieves the employer from further liability for compensation subject to the right of review afforded by this chapter, and to the right of the division to set aside the order at any time prior to the review and grant a new hearing pursuant to this chapter."

Page 49, line 16, delete "which" and insert "that"

Page 49, line 21, delete "shall" and insert "is"

Page 49, line 21, delete "be"

Page 50, after line 16, insert:

"Sec. 59. [176A.02] [DEFINITIONS.] *Subdivision 1. For the purposes of sections 59 to 65 the following terms have the meanings given to them, unless the context clearly indicates a different meaning.*

Subd. 2. "Association" means the Minnesota voluntary group self insurance association.

Subd. 3. "Member" means a political subdivision that, as a participant in the association, has purchased workers' compensation insurance from the association.

Subd. 4. "Board" means the board of directors.

Subd. 5. "Coverage" means insurance that is required pursuant to chapter 176.

Subd. 6. "Director" means the executive director of the association.

Sec. 60. [176A.03] [MINNESOTA VOLUNTARY GROUP SELF INSURANCE ASSOCIATION.] *Subdivision 1. [CREATED.] There is created the Minnesota voluntary group self insurance association for the purpose of providing coverage required by chapter 176 to its members.*

Subd. 2. [POLITICAL SUBDIVISIONS.] Political subdivisions that are not self insured may obtain coverage from the association.

Subd. 3. [BOARD OF DIRECTORS: COMPOSITION.] The board of directors of the association is composed of the commissioner of labor and industry and eight individuals appointed by the governor with the advice and consent of the senate. Three of the governor's appointees shall be members of the association, three shall represent employees of members, and two shall represent the public.

Subd. 4. [TERMS.] The membership terms, compensation, removal of members, and filling of vacancies for the members of the board appointed by the governor are as provided in section 15.0575.

Subd. 5. [OFFICERS; QUORUM.] The board shall select a chairman and other officers it deems necessary from its membership.

A majority of the board constitutes a quorum for purposes of conducting its business, notwithstanding the existence of any vacancies. Action may be taken by the board upon a vote of a majority of the directors present.

Subd. 6. [BOARD POWERS.] The board of directors of the association is vested with full power, authority and jurisdiction over the association. The board may perform acts that are necessary or proper in exercising its power, authority and jurisdiction in providing coverage to its members.

Subd. 7. [EXECUTIVE DIRECTOR.] The association is under the administrative control of the executive director, who is appointed by the board and serves at the pleasure of the board.

The director may appoint a deputy director and other permanent and temporary employees he deems necessary. All permanent employees of the association, except the director, deputy director and five additional positions reporting directly to the director, are in the classified service. The five additional unclassified positions permitted by this subdivision shall be filled pursuant to section 43.09, subdivision 2a; no additional deputy director position may be created.

Subd. 8. [LIABILITY OF OFFICERS AND EMPLOYEES.] The board, director, and employees of the association are not personally liable, either jointly or severally, for any debt incurred or obligation created by the association.

Sec. 61. [176A.04] [POWERS.] For the purpose of exercising the power and authority granted in sections 59 to 65, the association has the following powers:

- (a) It may sue and be sued;*
- (b) It may have a seal and alter it at will;*
- (c) It may make, amend and repeal rules pursuant to chapter 15;*

(d) *It may make and enter into contracts of insurance with members and other contracts or obligations relating to the association as are necessary;*

(e) *It may perform other acts not specifically enumerated in this section that are necessary or proper to accomplish the purposes of the association.*

Sec. 62. [176A.05] [COST OF COVERAGE.] *The cost of providing the coverage for each member of the association shall be determined by the director and shall be at the lowest possible cost consistent with the maintenance of a solvent association including the creation and maintenance of reasonable and adequate reserves.*

Sec. 63. [176A.06] [REGULATION BY INSURANCE COMMISSIONER.] *The association is subject to the provisions of chapter 79.*

Sec. 64. [176A.07] [MONEY OF THE ASSOCIATION.] *Subdivision 1. [ACCOUNT IN STATE TREASURY.] All money paid by members for coverage and all other money derived from property and securities acquired by and through the use of money belonging to the association shall be paid to the state treasurer who shall deposit it in a special account and shall not commingle the money of the association with any other money. Interest or profit accruing from investment of money in the account shall be credited to the account. Money in the account does not cancel and is appropriated to the director for the purposes of section 59 to 65.*

Subd. 2. [LIABILITIES OF THE ASSOCIATION.] Payment of losses sustained by and liabilities incurred by the association shall be made solely from money in the account.

All operating expenses, including salaries for employees and rent for facilities shall be paid from money in the account. General fund revenue shall not be used to pay any losses sustained by, liabilities incurred by, or operating expenses of the association, except as provided by section 72, subdivision 2.

Sec. 65. [176A.10] [REPORTS.] *The board shall report to the governor and legislature by November 15 of each even numbered year. The report shall contain information on the condition of the association, including incurred losses, investment return, adequacy of reserves, number of members and other information deemed appropriate. The report may also contain recommendations designed to improve the operation of the association."*

Page 50, line 31, delete "which" and insert "that"

Page 51, after line 17, insert:

"Sec. 70. Upon the effective date of section 26, the governor shall appoint two judges to the workers' compensation court of appeals in order to bring the number of judges to the required complement. One judge shall represent employees and one shall represent employers. Upon the first expiration of the term of one of the current judges the governor shall appoint a judge to act as the neutral mem-

ber. Of the remaining current judges one shall be designated by the governor as representing employees and one designated as representing employers."

Page 51, line 22, before "*The*" insert "*Subdivision 1.*"

Page 51, line 23, delete "*section*" and insert "*subdivision*"

Page 51, line 30, in the first blank insert "*35,000*"

Page 51, line 30, in the second blank insert "*72,500*"

Page 51, line 33, after "*person*" insert "*in fiscal year 1980 and by 3 persons in fiscal year 1981*"

Page 52, delete lines 1 to 6

Page 52, line 9, delete "*2 and 3*" and insert "*3 to 14*"

Page 52, line 9, after "*3*" insert "*and*"

Page 52, line 10, in the first blank insert "*\$144,900*"

Page 52, line 10, in the second blank insert "*\$141,200*"

Page 52, delete line 12

Page 52, line 14, delete "*8*" and insert "*6*"

Page 52, line 14, after the period insert "*These additional persons shall be provided to the insurance division.*"

Page 52, line 17, delete "*6, 7, 17, 23, 25*" and insert "*26, 36, 44, 47*"

Page 52, line 20, in the first blank insert "*\$360,000*"

Page 52, line 20, in the second blank insert "*\$300,000*"

Page 52, line 23, after "*by*" insert "*6*"

Renumber the clauses in sequence

Page 52, after line 23, insert:

"Subd. 2. There is appropriated from the general fund to the special account of the association the sum of \$6,000,000, to be available until expended. This amount plus interest at five percent per year shall be amortized over a 30 year period and shall be repaid by the association to the general fund in equal installments at the end of each fiscal year."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 12, after the second semicolon insert "*establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance;*"

Page 1, line 13, after the semicolon insert "*establishing a voluntary group self insurance association;*"

Page 1, line 15, after "*79.01,*" insert "*Subdivision 2, and*"

Page 1, line 16, after the second semicolon, insert "*79.25;*"

Page 1, line 22, after "176.235" delete ", Subdivision 1"

Page 1, line 23, after "176.179;" insert "176.181, Subdivision 2, and by adding a subdivision;"

Page 1, line 24, after "1;" insert "176.241;"

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

Mr. Coleman from the Committee on Rules and Administration, to which was referred

H. F. No. 1091: A bill for an act relating to natural resources; providing a public policy directed to preservation of agricultural lands; establishing a temporary joint legislative committee on agricultural land preservation; requiring studies and reports by the state planning agency; providing for staffing of the joint legislative committee.

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

Page 2, line 4, delete "and forest"

Page 2, line 30, after "the" delete "committee" and insert "sub-committee"

Page 3, line 3, insert a period after "senate"

Page 3, delete lines 4 and 5

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

Mr. Coleman from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon

H. F. No. 900: A bill for an act relating to municipalities; authorizing creation of storm sewer reserve funds within storm sewer improvement districts; authorizing special levies in anticipation of capital improvements and bond retirement in storm sewer improvement districts; amending Minnesota Statutes 1978, Chapter 444, by adding a section.

Reports the same back with the recommendation that the report from the Committee on Local Government shown in the Journal for May 7, 1979 "the bill do pass" be adopted and the bill be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 129 and 917 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H. F. No. 1091 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 1:30 o'clock p.m., Wednesday, May 16, 1979. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FIFTY-FIFTH DAY

St. Paul, Minnesota, Wednesday, May 16, 1979

The Senate met at 1:30 o'clock p.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Dunn	Kleinbaum	Penny	Sikorski
Ashbach	Gearty	Knaak	Perpich	Spear
Bang	Gunderson	Luther	Peterson	Staples
Benedict	Hanson	Menning	Pillsbury	Strand
Brataas	Hughes	Merriam	Rued	Stumpf
Chmielewski	Jensen	Nelson	Schaaf	Ulland, J.
Coleman	Johnson	Nichols	Schmitz	Vega
Davies	Keefe, S.	Ogdahl	Setzepfandt	Wegener
Dieterich	Kirchner	Olson	Sieloff	Willett

The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Winfield Johnson.

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

Anderson	Frederick	Knoll	Olson	Solon
Ashbach	Gearty	Knutson	Penny	Spear
Bang	Gunderson	Laufenburger	Perpich	Staples
Benedict	Hanson	Lessard	Peterson	Stokowski
Bernhagen	Hughes	Luther	Pillsbury	Strand
Brataas	Humphrey	McCutcheon	Renneke	Stumpf
Chenoweth	Jensen	Menning	Rued	Tennessee
Chmielewski	Johnson	Merriam	Schaaf	Ueland, A.
Coleman	Keefe, J.	Moe	Schmitz	Ulland, J.
Davies	Keefe, S.	Nelson	Setzepfandt	Vega
Dieterich	Kirchner	Nichols	Sieloff	Wegener
Dunn	Kleinbaum	Ogdahl	Sikorski	Willett
Engler	Knaak	Olhoff	Sillors	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Messrs. Schrom and Purfeerst were excused from the Session of today. Mr. Keefe, J. was excused from the Session of today

from 2:49 to 3:23 o'clock p.m. Mr. Lessard was excused from the Session of today from 2:55 to 3:15 o'clock p.m.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Pillsbury introduced—

S. F. No. 1577: A bill for an act relating to taxation; income; reducing income tax rates; amending Minnesota Statutes 1978, Section 290.06, Subdivision 2c.

Referred to the Committee on Taxes and Tax Laws.

Mr. Pillsbury introduced—

S. F. No. 1578: 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, 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, Article XI, Section 5, and repealing Article IV, Section 18; providing for unicameral legislature of limited size elected for staggered terms.

Referred to the Committee on Governmental Operations.

Mr. Johnson introduced—

S. F. No. 1579: A bill for an act relating to political parties; allowing party officers and delegates to party conventions to take certain leave time from employment; providing penalties; amending Minnesota Statutes 1978, Chapter 202A, by adding a section.

Referred to the Committee on Elections.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

May 14, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
	966	81	May 14	May 14
236		82	May 14	May 14
478		83	May 14	May 14

807	84	May 14	May 14
876	85	May 14	May 14
935	86	May 14	May 14
1245	87	May 14	May 14

Sincerely,

Joan Anderson Growe
Secretary of State

May 15, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
345		88	May 15	May 15
444		89	May 15	May 15
484		90	May 15	May 15

Sincerely,

Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 117, 233, 427 and 1312.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1979

Mr. President:

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

S. F. No. 228: A bill for an act relating to intoxicating liquor; places where sales are forbidden; amending Minnesota Statutes 1978, Section 340.14, Subdivision 3.

Senate File No. 228 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1979

Mr. Kleinbaum moved that S. F. No. 228 be laid on the table. The motion prevailed.

Mr. President:

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

S. F. No. 363: A bill for an act relating to crimes; requiring reporting of firearm discharges by security guards.

Senate File No. 363 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 15, 1979

CONCURRENCE AND REPASSAGE

Mr. McCutcheon moved that the Senate concur in the amendments by the House to S. F. No. 363 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 363 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knaak	Olson	Solon
Ashbach	Gearly	Laufenburger	Penny	Staples
Benedict	Gunderson	Lessard	Perpich	Strand
Bernhagen	Hanson	Luther	Peterson	Stumpf
Brataas	Hughes	McCutcheon	Pillsbury	Tennessee
Chenoweth	Humphrey	Menning	Rued	Ulland, J.
Coleman	Johnson	Merriam	Schaaf	Vega
Davies	Keefe, J.	Nelson	Schmitz	Wegener
Dieterich	Keefe, S.	Nichols	Setzepfandt	Willet
Dunn	Kirchner	Ogdahl	Sieloff	
Engler	Kleinbaum	Olhoff	Sikorski	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which

amendments the concurrence of the Senate is respectfully requested:

S. F. No. 549: A bill for an act relating to local government; requiring additional local participation in consolidation procedures; amending Minnesota Statutes 1978, Section 414.041.

Senate File No. 549 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 15, 1979

CONCURRENCE AND REPASSAGE

Mr. Wegener moved that the Senate concur in the amendments by the House to S. F. No. 549 and that the bill be placed on its repassage as amended.

CALL OF THE SENATE

Mr. Peterson imposed a call of the Senate for the balance of the proceedings on S. F. No. 549. The following Senators answered to their names:

Anderson	Frederick	Knoll	Olhoff	Sillers
Ashbach	Gearty	Knutson	Olson	Staples
Bang	Gunderson	Laufenburger	Perpich	Strand
Benedict	Hanson	Lessard	Peterson	Stumpf
Bernhagen	Hughes	Luther	Pillsbury	Tennessee
Brataas	Humphrey	McCutcheon	Renneke	Ueland, A.
Chmielewski	Johnson	Menning	Rued	Ulland, J.
Davies	Keefe, J.	Merriam	Schmitz	Vega
Dieterich	Keefe, S.	Nelson	Setzepfandt	Wegener
Dunn	Kirchner	Nichols	Sieloff	Willet
Engler	Knaak	Ogdahl	Sikorski	

The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Wegener.

The roll was called, and there were yeas 39 and nays 23, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Lessard	Perpich	Solon
Ashbach	Gunderson	Menning	Peterson	Staples
Benedict	Hanson	Moe	Renneke	Stokowski
Bernhagen	Jensen	Nelson	Rued	Strand
Brataas	Johnson	Nichols	Schmitz	Ueland, A.
Chmielewski	Kleinbaum	Olhoff	Setzepfandt	Wegener
Dunn	Knaak	Olson	Sikorski	Willet
Engler	Knutson	Penny	Sillers	

Those who voted in the negative were:

Bang	Hughes	Knoll	Ogdahl	Stumpf
Chenoweth	Humphrey	Laufenburger	Pillsbury	Ulland, J.
Davies	Keefe, J.	Luther	Schaaf	Vega
Dieterich	Keefe, S.	McCutcheon	Sieloff	
Gearty	Kirchner	Merriam	Spear	

The motion prevailed.

S. F. No. 549: A bill for an act relating to local government; requiring additional local participation in consolidation procedures; providing for referenda on adoption of the state building code; amending Minnesota Statutes 1978, Section 414.041.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 43 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Lessard	Peterson	Staples
Ashbach	Hanson	Menning	Pillsbury	Stokowski
Benedict	Humphrey	Moe	Renneke	Strand
Bernhagen	Jensen	Nelson	Rued	Ueland, A.
Brataas	Johnson	Nichols	Schmitz	Vega
Chmielewski	Kleinbaum	Olhoff	Setzepfandt	Wegener
Dunn	Knaak	Olson	Sikorski	Willet
Engler	Knutson	Penny	Sillers	
Frederick	Laufenburger	Perpich	Solon	

Those who voted in the negative were:

Bang	Gerty	Kirchner	Merriam	Spear
Chenoweth	Hughes	Knoll	Ogdahl	Stumpf
Davies	Keefe, J.	Luther	Schaaf	Ulland, J.
Dieterich	Keefe, S.	McCutcheon	Sieloff	

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

REPORTS OF COMMITTEES

Mr. Hanson moved that the Committee Reports at the Desk be now adopted, with the exception of reports pertaining to appointments. The motion prevailed.

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 390: A bill for an act relating to taxation; property tax; extending 3cc classification to mobile homes owned by disabled persons; allowing homestead owned by disabled person and joint tenant to qualify for 3cc classification; amending Minnesota Statutes 1978, Section 273.13, Subdivision 7.

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

Page 2, line 11, strike everything after the first "person"

Page 2, strike line 12

Page 2, line 13, strike "thereof"

Page 3, line 23, delete "*one other joint tenant*" and insert "*his spouse*"

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 1344: A bill for an act relating to minerals; providing for notice and opportunity for hearing prior to forfeiture for failure to file a statement of severed mineral interest, and amending certain laws related thereto; validating certain statements; amending Minnesota Statutes 1978, Sections 93.55; 273.13, Subdivision 2a; and Chapter 93, by adding a section.

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

Page 2, line 5, after "notice" insert "*shall be served in the same manner as provided for the service of summons in a civil action to determine adverse claims under chapter 559 and shall*"

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

Mr. Moe from the Committee on Finance, to which was re-referred

S. F. No. 844: A bill for an act relating to welfare; providing state aid through matching grants from the department of public welfare to counties for certain semi-independent living services programs; requiring counties to monitor the services; requiring bonds for private providers of the services; directing the commissioner of public welfare to promulgate rules to implement administration of the grant program; appropriating money.

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

Page 2, line 2, delete "funds" and insert "money" both places where it appears

Page 2, line 24, delete "funds" and insert "money"

Page 3, lines 2, 11, 14 and 17, delete "funds" and insert "money"

Page 3, line 19, delete "funds" and insert "amounts"

Page 3, lines 20 and 25, delete "funds" and insert "money"

Page 3, line 26, delete "Subd. 6." and insert "Sec. 3. [REPORT.]"

Page 3, lines 31 and 32, delete "shall expire no later than" and insert "expires"

Page 4, line 1, delete "funds" and insert "grants"

Page 5, line 5, delete "\$2,500,000" and insert "\$1,200,000 for the 300 mentally retarded adults transferred from intermediate care facilities for mentally retarded"

Renumber the sections in sequence

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

Mr. Moe from the Committee on Finance, to which was re-referred

S. F. No. 272: A bill for an act relating to taxation; property tax; exempting certain wetlands from taxation; providing a wetlands credit; providing for state reimbursement of lost local revenues; reducing local levies to the extent of state reimbursement; appropriating money; amending Minnesota Statutes 1978, Sections 272.02, Subdivision 1; 275.51, Subdivision 3d; and Chapter 273, by adding a section; repealing Minnesota Statutes 1978, Section 272.59.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Moe from the Committee on Finance, to which was re-referred

S. F. No. 406: A bill for an act relating to labor; creating a full employment and economic equity study commission; appropriating money.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Rules and Administration. Report adopted.

Mr. Moe from the Committee on Finance, to which was re-referred

S. F. No. 654: A bill for an act relating to human services; providing state recognition and financial grants to volunteer programs for retired senior citizens; appropriating money.

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

Page 2, line 9, after the period insert "Grants shall be made consistent with applicable federal guidelines."

Page 2, line 28, strike "\$417,076" and insert "\$400,000"

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

H. F. No. 1236: A bill for an act relating to the town of Forest Lake; exempting it from certain tax levy limitations.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was re-referred

H. F. No. 633: A bill for an act relating to taxation; extending the termination date for a law denying tax deductions relat-

ing to substandard housing; amending Laws 1975, Chapter 226, Section 4.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 510: A bill for an act relating to children; establishing a program in the department of public welfare to allow subsidized adoptions under certain circumstances; appropriating money; amending Minnesota Statutes 1978, Chapter 259, by adding a section; repealing Minnesota Statutes 1978, Section 393.07, Subdivision 1a.

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

Page 2, lines 31 and 32, delete "*Subsidy payments shall be granted*" and insert "*The placing agency shall certify a child as eligible for a subsidy*"

Page 3, line 32, delete "*urban*"

Page 4, line 15, delete "*department*" and insert "*commissioner*"

Page 4, line 17, after "*sum of*" insert "*\$500,000*"

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

Mr. Moe from the Committee on Finance, to which was referred

H. F. No. 913: A bill for an act relating to small businesses; increasing state procurement from small businesses; amending Minnesota Statutes 1978, Section 16.083, Subdivisions 1 and 4.

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

Amend the report from the Committee on Governmental Operations, adopted by the Senate May 7, 1979, as follows:

Page 1, line 10, delete "APPROPRIATION" and insert "REPORT"

Page 1, line 10, delete "*The sum of \$58,000 is*"

Page 1, delete lines 11 and 12

Page 1, line 13, delete "*beginning July 1, 1979.*"

Delete the title amendment

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 435: A bill for an act relating to education; increasing the maximum awards for scholarships and grants-in-aid; changing the eligibility for certain financial assistance; increasing the bonding authority of the higher education coordinating board; requiring that data on certain applicants for student financial assistance be classified as private and providing an exception; increasing the eligibility for a tuition subsidy for a public post-secondary vocational-technical school; appropriating money; amending Minnesota Statutes 1978, Sections 136A.121, Subdivisions 4, 5, 7 and 8; 136A.162; 136A.171; and 136A.236, Subdivision 2.

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

Page 3, line 8, strike "eight" and insert "six"

Page 3, line 8, strike "twelve" and insert "nine"

Page 4, line 3, delete "\$200,000,000" and insert "\$175,000,000"

Page 4, after line 18, insert:

"Sec. 8. Minnesota Statutes 1978, Section 124.48, is amended to read:

124.48 [INDIAN SCHOLARSHIPS.] *Subdivision 1.* The state board may award scholarships to any Minnesota resident student who: (a) is of one-fourth or more Indian ancestry ~~and who~~; (b) is a high school graduate, has a high school equivalency certificate acceptable to the state board or is accepted by an approved college or university, or approved business, nursing, technical or vocational school; (c) in the opinion of the board, has the capabilities to benefit from the education for which a scholarship is given and (d) is recommended for a scholarship by the Minnesota Indian scholarship committee. Scholarships shall be for advanced or specialized education in accredited or approved colleges or universities or in approved business, nursing, technical or vocational schools. Scholarships shall be used to defray tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned. The amount and type of each such scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year, he is eligible for additional scholarship, if additional training is necessary to reach his educational and vocational objective. Scholarships may not be given to any Indian student for more than four years of study.

Subd. 2. The Minnesota Indian scholarship committee shall consist of nine persons. The Indian affairs intertribal board shall nominate up to 15 persons for membership on the committee. The state board shall appoint the members of the committee from

among the persons so nominated. Each member shall have knowledge of and interest in the educational needs of Indian children.

Subd. 3. Except as otherwise provided in this section, the terms, compensation and removal of members, the filling of vacancies and the expiration of the committee shall be as provided in section 15.059, except that the state shall not pay the expenses incurred by a member for out of state travel.

Sec. 9. Notwithstanding this section or section 15.059, persons serving on the Minnesota Indian scholarship committee on the effective date of this section may continue to serve on the committee until August 1, 1979, but their terms shall expire on that date. On August 1, 1979 the state board shall appoint nine members to the Minnesota Indian scholarship committee from among persons nominated by the Indian affairs intertribal board. Former members of the committee who qualify under the provisions of subdivision 2 are eligible for appointment to the committee. Notwithstanding section 15.059, subdivision 2, the terms of all members appointed on August 1, 1979 shall begin on August 1, 1979. For the purposes of section 15.059, the terms of five of the members shall be treated as though the terms began on the same day as the first term of the governor during whose term those members were appointed, and the terms of four of the members shall be treated as though the terms of those members began the first week in January, 1980."

Page 4, line 22, delete "\$725,000" and insert "\$475,000"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 11, after "school;" insert "prescribing additional qualifications for receipt of certain Indian scholarships; reconstituting the Minnesota Indian scholarship committee;"

Page 1, line 12, after "Sections" insert "124.48;"

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred the following appointment as reported in the Journal for May 2, 1979:

TAX COURT

John Knapp

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Hanson moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

H. F. No. 1111 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
1111	1465				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

H. F. No. 597 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
597	664				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 597 be amended as follows:

Page 2, after line 19, insert:

"At least five percent of this amount shall be used for bridges that also serve as water control structures."

Page 2, after line 22, insert:

"At least five percent of this amount shall be used for bridges that also serve as water control structures."

And when so amended H. F. No. 597 will be identical to S. F. No. 664, and further recommends that H. F. No. 597 be given its second reading and substituted for S. F. No. 664, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S. F. Nos. 390, 1344, 844, 272, 654, 510 and 435 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1111 and 597 were read the second time.

H. F. Nos. 1236, 633 and 913 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Mr. Anderson moved that the name of Mr. Schaaf be added as co-author to S. F. No. 701. The motion prevailed.

Mr. Hughes moved that the name of Mr. Humphrey be added as co-author to S. F. No. 1573. The motion prevailed.

Mr. Penny introduced—

Senate Resolution No. 33: A Senate resolution recognizing the importance of and supporting the expansion of approved methods of soil and water conservation and management by encouraging public awareness of the importance of soil and water conservation through the designation of Soil Stewardship Week, May 20 through May 26, 1979.

Referred to the Committee on Rules and Administration.

Pursuant to Rule 10, Mr. Hanson, for Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

SPECIAL ORDER

H. F. No. 555: A bill for an act relating to crimes; specifying the crime of offering substances purporting to be prohibited for sale; creating a new category of offense for assault; reclassifying assaults by degrees; specifying the crime of interference with privacy; reclassifying the pecuniary categories of the crime of theft; redefining certain felonies; authorizing agents of the bureau of criminal apprehension to obtain search warrants; clarifying the locus of venue; providing penalties; amending Minnesota Statutes 1978, Sections 609.02, by adding subdivisions; 609.11; 609.25, Subdivision 2; 609.341, Subdivision 3, and by adding a subdivision; 609.343; 609.344; 609.345; 609.52, Subdivision 3; 609.562; 609.563; 609.595, Subdivision 1; 611.033; 626.05, Subdivision 2; 626.11; 626.13; 627.01; Chapters 152, by adding a section; and 609, by adding sections; repealing Minnesota Statutes 1978, Sections 246.43; 609.22; and 609.225.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Olhoft	Solon
Ashbach	Frederick	Knutson	Perpich	Spear
Bang	Gearty	Laufenburger	Pillsbury	Stokowski
Benedict	Hanson	Lessard	Renneke	Strand
Bernhagen	Hughes	Luther	Rued	Tennessee
Brataas	Humphrey	McCutcheon	Schaaf	Ueland, A.
Chenoweth	Jensen	Menning	Schmitz	Ulland, J.
Chmielewski	Johnson	Merriam	Setzepfandt	Vega
Davies	Keefe, S.	Moe	Sieloff	Wegener
Dieterich	Kirchner	Nelson	Sikorski	Willet
Dunn	Kleinbaum	Nichols	Sillers	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 912: A bill for an act relating to juries; requiring the department of public safety to provide jury commissioners with drivers' license lists at a reasonable fee; amending Minnesota Statutes 1978, Section 593.37, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Frederick	Lessard	Renneke	Stokowski
Benedict	Gearty	Luther	Rued	Strand
Bernhagen	Hughes	McCutcheon	Schaaf	Tennessee
Brataas	Humphrey	Menning	Schmitz	Ueland, A.
Chenoweth	Jensen	Merriam	Setzepfandt	Ulland, J.
Chmielewski	Johnson	Nelson	Sieloff	Wegener
Davies	Keefe, S.	Nichols	Sikorski	Willet
Dieterich	Kirchner	Olhoft	Sillers	
Dunn	Knutson	Perpich	Solon	
Engler	Laufenburger	Pillsbury	Spear	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 277: A bill for an act relating to shade tree disease control; authorizing grants for municipal shade tree removal and reforestation programs; amending Minnesota Statutes 1978, Sections 18.023, Subdivisions 1 and 3a; and 275.50, Subdivision 6.

Mr. Olson moved to amend H. F. No. 277, as amended pursuant to Rule 49, adopted by the Senate May 15, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 519.)

Page 2, line 32, delete "or shrub"

Page 5, line 1, strike "1,000" and insert "4,000"

The motion prevailed. So the amendment was adopted.

H. F. No. 277 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Laufenburger	Peterson	Staples
Bang	Gunderson	Luther	Pillsbury	Stokowski
Benedict	Hanson	McCutcheon	Renneke	Strand
Bernhagen	Hughes	Menning	Rued	Ueland, A.
Brataas	Humphrey	Merriam	Schaaf	Ulland, J.
Chenoweth	Jensen	Moe	Schmitz	Vega
Chmielewski	Johnson	Nelson	Setzepfandt	Wegener
Davies	Keefe, S.	Ogdahl	Sieloff	Willet
Dieterich	Kirchner	Olhoff	Sikoraki	
Dunn	Knaak	Olson	Sillers	
Engler	Knoll	Penny	Solon	
Frederick	Knutson	Perpich	Spear	

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

SPECIAL ORDER

H. F. No. 257: A bill for an act relating to taxation; providing standards and procedures for tax increment financing; authorizing the issuance of bonds; authorizing tax increment financing for the payment of principal and interest on such bonds; providing limitation on extent of districts to which tax increment financing applies; amending Minnesota Statutes 1978, Sections 362A.05; 458.192, Subdivision 11; 462.545, Subdivision 5; 462.585, Subdivisions 2, 3 and 4; 472A.06; 472A.07, by adding a subdivision; 473F.02, Subdivision 3; 473F.05; 473F.08, Subdivisions 2, 4 and 6; 474.10, Subdivisions 2 and 3; and Chapter 273, by adding sections; repealing Minnesota Statutes 1978, Sections 458.192, Subdivision 12; 472A.02, Subdivision 3; 472A.07, Subdivision 4; and 472A.08.

Mr. Hanson moved to amend H. F. No. 257, as amended pursuant to Rule 49, adopted by the Senate May 15, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 977.)

Page 9, line 24, delete "*If the municipality*"

Page 9, delete lines 25 to 27

Page 15, delete lines 2 to 5

Page 17, line 15, delete the semicolon and insert a period

Page 17, delete lines 16 to 33

Pages 18 and 19, delete lines 1 to 33

Page 20, delete lines 1 to 14

Page 22, line 26, delete "*ten*" and insert "*eight*"

Page 22, line 27, delete "*twelve*" and insert "*ten*"

Page 37, line 22, delete "(a)"

Page 37, line 25, delete "(a)"

The motion prevailed. So the amendment was adopted.

Mr. Hanson then moved to amend H. F. No. 257, as amended pursuant to Rule 49, adopted by the Senate May 15, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 977.)

Page 10, line 18, delete "a tax increment" and insert "an economic development project or a housing"

Page 10, line 21, delete ", in the case of a housing or economic"

Page 10, line 22, delete "development project," and delete "or, in the case of a"

Page 10, line 23, delete "redevelopment project, 75 percent"

Page 12, after line 28, insert:

"Subd. 9. [REQUIREMENT FOR AGREEMENTS.] No more than 20 percent, by acreage, of the property to be acquired within a redevelopment project, as set forth in the tax increment financing plan, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued pursuant to sections 9 to 12 without the authority having prior to acquisition in excess of the percentages concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the authority should the development or redevelopment not be completed."

The motion prevailed. So the amendment was adopted.

Mr. Hanson then moved to amend H. F. No. 257, as amended pursuant to Rule 49, adopted by the Senate May 15, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 977.)

Page 20, line 18, after "VALUE.]" insert "(a) Except as provided in paragraph (b),"

Page 20, line 30, delete "; by the certification of one"

Page 20, delete line 31

Page 20, line 32, delete "existing project pursuant to sections 1 to 14,"

Page 21, line 2, after "value" insert "as of the effective date of sections 1 to 14" and delete the period and insert "; provided that the amount of the .5 percent additional limitation shall be reduced each year after the effective date of this act as follows: Upon certification by the commissioner of revenue of the estimated market value of the municipality in each succeeding year, the percentage increase in that value over the estimated market value

of the municipality as of the effective date of sections 1 to 14 shall be multiplied by .5. The product of that computation shall be subtracted from .5 to produce the additional percentage limitation for the municipality for tax increment financing projects for which certification may be sought that year. After the .5 percent additional limit has been reduced to zero by the annual increases in the estimated market value of the municipality, the municipality shall be subject to the 2.5 percent limitation for purposes of all tax increment projects for which certification is subsequently sought."

Page 21, after line 2, insert:

"(b) If a municipality is prohibited by the terms of paragraph (a) from obtaining certification of an additional tax increment financing district, and the total captured assessed value of the previously certified tax increment districts located in the municipality is less than 2.5 percent of the estimated market value of the municipality, the municipality may request certification of one additional redevelopment project, and the county auditor shall not refuse to certify the district because of the limitation contained in paragraph (a)."

The motion prevailed. So the amendment was adopted.

Mr. Solon moved to amend H. F. No. 257, as amended pursuant to Rule 49, adopted by the Senate May 15, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 977.)

Page 3, line 15, after the period, insert *"For the purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity."*

Page 3, line 18, after "district" insert *“, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity,”*

Page 5, delete line 15

Page 5, line 23, delete the period and insert *“; or”*

Page 5, after line 23, insert:

"(d) Underutilized air rights exist over a public street, highway or right-of-way."

The motion prevailed. So the amendment was adopted.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused at 4:00 o'clock p.m. for a Conference Committee on H. F. No. 1518:

Messrs. Moe, Solon, Kirchner, Spear and Perpich.

The motion prevailed.

H. F. No. 257 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 39 and nays 11, as follows:

Those who voted in the affirmative were:

Bang	Gearty	Knoll	Pillsbury	Staples
Benedict	Gunderson	Luther	Renneke	Stokowski
Brataas	Hanson	McCutcheon	Schaaf	Stumpf
Chenoweth	Hughes	Menning	Schmitz	Tennessee
Davies	Humphrey	Merriam	Setzepfandt	Ueland, A.
Dieterich	Jensen	Nelson	Sieloff	Vega
Dunn	Johnson	Olhoft	Sikorski	Wegener
Engler	Keefe, S.	Olson	Sillers	

Those who voted in the negative were:

Ashbach	Kleinbaum	Laufenburger	Ogdahl	Rued
Bernhagen	Knaak	Lessard	Penny	Willet
Keefe, J.				

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Kleinbaum moved that S. F. No. 228 be taken from the table. The motion prevailed.

CONCURRENCE AND REPASSAGE

Mr. Kleinbaum moved that the Senate concur in the amendments by the House to S. F. No. 228 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 228 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 42 and nays 10, as follows:

Those who voted in the affirmative were:

Bang	Hughes	Laufenburger	Rued	Strand
Bernhagen	Humphrey	Luther	Schaaf	Stumpf
Chenoweth	Jensen	McCutcheon	Schmitz	Tennessee
Davies	Johnson	Merriam	Setzepfandt	Ueland, A.
Dieterich	Keefe, J.	Nelson	Sieloff	Vega
Engler	Keefe, S.	Ogdahl	Sikorski	Wegener
Gearty	Kleinbaum	Olson	Sillers	
Gunderson	Knaak	Penny	Staples	
Hanson	Knoll	Pillsbury	Stokowski	

Those who voted in the negative were:

Benedict	Dunn	Lessard	Olhoft	Renneke
Chmielewski	Knutson	Menning	Peterson	Willet

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

SPECIAL ORDER

H. F. No. 643: A bill for an act relating to marriage; eliminating certain information from the marriage license application; defining terms; requiring personal service in a dissolution; providing for the court's findings in an uncontested dissolution; providing mutual restraining orders pending a dissolution; providing additional relevant factors for making custody determinations and for awarding maintenance; permitting retroactive modification of support and maintenance orders for inability to pay; amending Minnesota Statutes 1978, Sections 517.03; 517.08, Subdivision 1a; 518.07; 518.09; 518.10; 518.13; 518.135, Subdivision 2; 518.155; 518.156; 518.165; 518.17, Subdivision 1; 518.175, Subdivision 1; 518.176; 518.54, Subdivision 5; 518.55; 518.551; 518.552, Subdivision 2; 518.58; 518.64, Subdivision 2; 518.66 and Chapter 518, by adding a section.

Mr. Davies moved to amend H. F. No. 643, the unofficial engrossment, as follows:

Page 10, line 4, after "result" insert ", or that the exclusion is reasonable in the circumstances"

The motion prevailed. So the amendment was adopted.

Mr. Menning moved to amend H. F. No. 643, the unofficial engrossment, as follows:

Page 2, line 10, after the semicolon, insert "or

(d) A marriage between a man and a woman one or both of whom has a current unpaid balance of child support or maintenance owing pursuant to a valid court order at the time of application for a marriage license;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 6 and nays 42, as follows:

Those who voted in the affirmative were:

Chmielewski	Olhoft	Renneke	Rued	Schmitz
Menning				

Those who voted in the negative were:

Anderson	Engler	Keefe, S.	Ogdahl	Stokowski
Bang	Frederick	Knaak	Penny	Strand
Benedict	Gearty	Knoll	Pillsbury	Stumpf
Bernhagen	Gunderson	Knutson	Schaaf	Tennessee
Chenoweth	Hughes	Laufenburger	Setzepfandt	Vega
Coleman	Humphrey	Lessard	Sieloff	Willet
Davies	Jensen	Luther	Sikorski	
Dieterich	Johnson	Merriam	Sillers	
Dunn	Keefe, J.	Nelson	Staples	

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

Mr. Humphrey moved to amend H. F. No. 643, the unofficial engrossment, as follows:

Page 10, line 3, delete "minor"

The motion prevailed. So the amendment was adopted.

Mr. Davies moved to amend H. F. No. 643, the unofficial engrossment, as follows:

Strike the Sieloff amendment to page 25, line 27, adopted by the Senate May 15, 1979

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 20 and nays 30, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Keefe, S.	Nelson	Stokowski
Coleman	Humphrey	Laufenburger	Renneke	Stumpf
Davies	Jensen	Luther	Schaaf	Tennessee
Dieterich	Johnson	Merriam	Staples	Wegener

Those who voted in the negative were:

Ashbach	Engler	Knutson	Olson	Sieloff
Bang	Frederick	Lessard	Peterson	Sikorski
Benedict	Gearty	McCutcheon	Pillsbury	Sillers
Bernhagen	Gunderson	Menning	Rued	Strand
Chmielewski	Keefe, J.	Ogdahl	Schmitz	Ueland, A.
Dunn	Knaak	Olhoff	Setzepfandt	Willet

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

Mr. Chenoweth moved to amend H. F. No. 643, the unofficial engrossment, as follows:

Page 23, after line 15, insert *"Unless otherwise specifically set forth in the decree, if in a decree of dissolution one party is awarded the homestead and the other party is awarded a fixed dollar amount based on an assumed or appraised market value of the homestead and within 24 months following the decree the homestead is sold, within six months of the sale either party may petition, and the court may grant, an apportionment of the proceeds in the proportion awarded in the decree, based upon the net sale price rather than the assumed or appraised market value."*

The motion prevailed. So the amendment was adopted.

H. F. No. 643 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 45 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Keefe, S.	Ogdahl	Sikorski
Ashbach	Frederick	Knaak	Olhoff	Sillers
Bang	Gearty	Knoll	Penny	Staples
Benedict	Gunderson	Knutson	Peterson	Stokowski
Brataas	Hanson	Lessard	Pillsbury	Strand
Chenoweth	Hughes	Luther	Schaaf	Stumpf
Davies	Humphrey	McCutcheon	Schmitz	Ueland, A.
Dieterich	Johnson	Merriam	Setzepfandt	Vega
Dunn	Keefe, J.	Nelson	Sieloff	Wegener

Those who voted in the negative were:

Bernhagen	Laufenburger	Olson	Rued	Willet
Chmielewski	Menning	Renneke		

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

RECONSIDERATION

Mr. Olson moved that the vote whereby H. F. No. 277 was passed by the Senate on May 16, 1979, be now reconsidered. The motion prevailed.

H. F. No. 277: A bill for an act relating to shade tree disease control; authorizing grants for municipal shade tree removal and reforestation programs; amending Minnesota Statutes 1978, Sections 18.023, Subdivisions 1 and 3a; and 275.50, Subdivision 6.

Mr. Olson moved to amend H. F. No. 277, as amended pursuant to Rule 49, adopted by the Senate May 15, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 519.)

Page 7, after line 4, insert:

“Sec. 6. [EFFECTIVE DATE.] *This act is effective July 1, 1979 and applies to costs incurred on and after January 1, 1979.*”

The motion prevailed. So the amendment was adopted.

H. F. No. 277 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 51 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knutson	Pillsbury	Strand
Ashbach	Frederick	Laufenburger	Renneke	Stumpf
Bang	Gerty	Lessard	Rued	Tennessen
Benedict	Hanson	Luther	Schaaf	Ueland, A.
Bernhagen	Hughes	McCutcheon	Schmitz	Vega
Brataas	Humphrey	Merriam	Setzepfandt	Wegener
Chenoweth	Johnson	Nelson	Sieloff	Willet
Chmielewski	Keefe, J.	Ogdahl	Sikorski	
Davies	Keefe, S.	Olhoft	Sillers	
Dieterich	Knaak	Olson	Staples	
Dunn	Knoll	Penny	Stokowski	

Mr. Peterson voted in the negative.

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

SPECIAL ORDER

H. F. No. 1037: A bill for an act relating to interim claims against the state; appropriating money for the payment thereof.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Olson	Sillers
Ashbach	Gearty	Laufenburger	Penny	Stokowski
Bang	Gunderson	Lessard	Peterson	Strand
Benedict	Hanson	Luther	Pillsbury	Stumpf
Bernhagen	Hughes	McCutcheon	Renneke	Tennessee
Chenoweth	Humphrey	Menning	Rued	Ueland, A.
Chmielewski	Johnson	Merriam	Schaaf	Vega
Davies	Keefe, J.	Nelson	Schmitz	Willet
Dieterich	Keefe, S.	Nichols	Setzepfandt	
Dunn	Knaak	Ogdahl	Sieloff	
Engler	Knoll	Olhoff	Sikorski	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1238: A bill for an act relating to crimes; prohibiting the obtaining or retaining of a child in violation of a court order; prescribing penalties; amending Minnesota Statutes 1978, Section 609.26.

Mr. Sikorski moved to amend H. F. No. 1238 as follows:

Page 2, line 15, after "he" insert "takes,"

Amend the title as follows:

Page 1, line 2, after "the" insert "taking,"

Page 1, line 2, after "obtaining" insert a comma

The motion prevailed. So the amendment was adopted.

H. F. No. 1238 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 48 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Ogdahl	Sieloff
Bang	Frederick	Knutson	Olhoff	Sikorski
Benedict	Gearty	Laufenburger	Penny	Sillers
Bernhagen	Gunderson	Lessard	Peterson	Strand
Brataas	Hanson	Luther	Pillsbury	Stumpf
Chenoweth	Hughes	McCutcheon	Renneke	Ueland, A.
Chmielewski	Humphrey	Menning	Rued	Ulland, J.
Davies	Johnson	Merriam	Schaaf	Willet
Dieterich	Keefe, J.	Nelson	Schmitz	
Dunn	Knaak	Nichols	Setzepfandt	

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

SPECIAL ORDER

H. F. No. 1309: A bill for an act relating to mobile homes; regulating space and lot rentals and leases; regulation of mobile home parks; prohibiting unreasonable park rules and regulations; requiring notice; specifying grounds for eviction and access; prohibiting retaliatory conduct; amending Minnesota Statutes 1978, Sections 327.20, by adding a subdivision; 327.42, Subdivision 2, and by adding subdivisions; 327.43, Subdivision 2, and by adding a subdivision; 327.44; and Chapter 327, by adding sections.

Mr. Merriam moved that the amendment made to H. F. No. 1309 by the Committee on Rules and Administration in the report adopted May 15, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

Mr. Merriam moved to amend H. F. No. 1309, as follows:

Page 4, line 24, delete "8" and insert "9"

The motion prevailed. So the amendment was adopted.

Mr. Davies moved to amend H. F. No. 1309 as follows:

Page 5, line 27, after "operate" insert "as a park"

Page 5, line 27, after "or" insert "the"

Page 5, line 28, delete "as a park" and insert "occupied by the tenant,"

The motion prevailed. So the amendment was adopted.

H. F. No. 1309 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Penny	Stokowski
Ashbach	Gearty	Knutson	Peterson	Stumpf
Bang	Gunderson	Laufenburger	Pillsbury	Tennessee
Bernhagen	Hanson	Lessard	Rued	Ueland, A.
Brataas	Humphrey	Luther	Schaaf	Ulland, J.
Chenoweth	Jensen	McCutcheon	Schmitz	Vega
Chmielewski	Johnson	Merriam	Setzepfandt	Willet
Davies	Keefe, J.	Nelson	Sikorski	
Dieterich	Keefe, S.	Ogdahl	Sillers	
Dunn	Knaak	Olhoft	Staples	

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

SPECIAL ORDER

S. F. No. 474: A bill for an act relating to taxation; income tax; providing a renewable energy credit; amending Minnesota Statutes 1978, Section 290.06, by adding a subdivision.

Mr. Knoll moved to amend S. F. No. 474 as follows:

Page 1, line 21, delete "home" and insert "building"

Page 1, line 22, delete "principal residence" and insert "home-stead or for rental residential purposes"

The motion prevailed. So the amendment was adopted.

S. F. No. 474 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 50 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Keefe, J.	Ogdahl	Sikorski
Ashbach	Engler	Keefe, S.	Oihoft	Sillers
Bang	Frederick	Knaak	Olson	Staples
Benedict	Gearly	Knoll	Penny	Stokowski
Bernhagen	Gunderson	Knutson	Peterson	Stumpf
Brataas	Hanson	Laufenburger	Pillsbury	Tennessen
Chenoweth	Hughes	Lessard	Rued	Ueland, A.
Chmielewski	Humphrey	Luther	Schaaf	Ulland, J.
Coleman	Jensen	McCutcheon	Schmitz	Vega
Dieterich	Johnson	Nelson	Setzepfandt	Willet

Mr. Merriam voted in the negative.

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

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

MEMBERS EXCUSED

Mr. Ulland, J., was excused from the Session of today from 4:00 o'clock p.m. to 5:10 p.m. Mr. Kleinbaum was excused from the Session of today at 4:15 o'clock p.m. Messrs. Keefe, S.; Lessard and Peterson were excused from the Session of today at 6:00 o'clock p.m. Mr. Sieloff was excused from the Session of today at 6:20 o'clock p.m.

Without objection, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Mr. Coleman from the Subcommittee on Bill Scheduling, to which were referred S. F. Nos. 1101, 736, 202, 405, 1261, 1151, 917, 129, and H. F. Nos. 451, 1091, 1167 makes the following report:

That the above Senate Files and House Files be placed on the General Orders Calendar in the order indicated.

That there were no other bills before the Subcommittee on which floor action was requested.

Mr. Coleman moved the adoption of the foregoing committee report. The motion prevailed. Report adopted.

APPOINTMENTS

Mr. Coleman from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H. F. No. 60: Messrs. Purfeerst, Sikorski and Peterson.

S. F. No. 801: Messrs. Knutson, Luther and Willet.

H. F. No. 260: Mrs. Staples, Messrs. Keefe, J. and Nelson.

H. F. No. 248: Messrs. Sikorski, Penny and Bang.

Mr. Coleman moved that the foregoing appointments be approved. The motion prevailed.

CALL OF THE SENATE

Mr. Anderson imposed a call of the Senate. The following Senators answered to their names:

Anderson	Davies	Humphrey	Merriam	Sieloff
Ashbach	Dieterich	Keefe, S.	Nelson	Sikorski
Bang	Dunn	Knutson	Penny	Sillers
Benedict	Engler	Laufenburger	Peterson	Staples
Bernhagen	Frederick	Lessard	Pillsbury	Stumpf
Brataas	Gearty	Luther	Rued	Ueland, A.
Chenoweth	Hanson	McCutcheon	Schaaf	Wegener
Coleman	Hughes	Menning	Schmitz	Willet

The Sergeant at Arms was instructed to bring in the absent members.

SPECIAL ORDER

H. F. No. 877: A bill for an act relating to insurance premium finance companies; authorizing finance charges at rates permitted by the general usury provisions; amending Minnesota Statutes 1978, Section 59A.09, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 41 and nays 12, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Pillsbury	Stokowski
Ashbach	Gearty	Laufenburger	Renneke	Strand
Bang	Gunderson	Lessard	Rued	Tennessee
Benedict	Hanson	Menning	Schaaf	Ueland, A.
Bernhagen	Humphrey	Merriam	Schmitz	Wegener
Brataas	Keefe, J.	Nelson	Setzpfandt	
Davies	Kirchner	Ogdahl	Sieloff	
Dunn	Knaak	Penny	Sillers	
Engler	Knoll	Peterson	Staples	

Those who voted in the negative were:

Chenoweth	Keefe, S.	Olhoft	Spear	Vega
Dieterich	Luther	Sikorski	Stumpf	Willet
Johnson	Nichols			

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1206: A bill for an act relating to energy; encouraging municipalities to use diseased trees.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Knaak	Olhoft	Sikorski
Bang	Frederick	Knoll	Olson	Sillers
Benedict	Gearty	Knutson	Penny	Staples
Bernhagen	Gunderson	Laufenburger	Peterson	Strand
Brataas	Hanson	Lessard	Pillsbury	Stumpf
Chenoweth	Hughes	Luther	Rued	Tennessee
Chmielewski	Humphrey	Menning	Schaaf	Ueland, A.
Davis	Johnson	Merriam	Schmitz	Vega
Dieterich	Keefe, J.	Nelson	Setzepfandt	Wegener
Dunn	Kirchner	Ogdahl	Sieloff	Willet

So the bill passed and its title was agreed to.

Pursuant to Rule 21, Mr. McCutcheon moved that the following members be excused for a Conference Committee on H. F. No. 1495:

Messrs. McCutcheon, Johnson, Hanson, Stokowski and Sillers. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Mr. Chenoweth from the Committee on Governmental Operations, to which was referred

S. F. No. 1519: A bill for an act relating to state employees; providing for wage and fringe benefits for certain state employees; ratifying a collective bargaining agreement; amending Minnesota Statutes 1978, Sections 43.01, Subdivision 14; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 16, 17, 23, 24, 25, and by adding subdivisions; 43.122, Subdivision 5; 43.17, Subdivision 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.50, Subdivision 1; 43.51; and 645.44, Subdivision 5.

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

Page 1, line 15, delete "AGREEMENT" and insert "AGREEMENTS"

Page 1, line 15, before "Within" insert "Subdivision 1. [PREAMBLE.] *The legislature finds that the quality of public employees in Minnesota is high and that public employees provide a significant public service to the people of Minnesota. The legislature further finds that there is a need to study, clarify and change the laws relating to civil service and public employee labor relations in order to preserve equity in public employment wages, promote employee morale, expedite labor negotiations, and promote efficient management in the state civil service.*

Subd. 2."

Page 1, line 20, after "AFL-CIO," insert "*the Minnesota teamsters public and law enforcement employees union, local No. 320, the international union of operating engineers, locals No. 34 and 49, the independent Minnesota association of government employees, the Minnesota highway patrol officers' association, the bureau of criminal apprehension association of forensic scientists, the bureau of criminal apprehension agents association, the Minnesota state university association of administrative and service faculty/Teamsters, the professional employee pharmacists of Minnesota, the middle management association, the Minnesota community college faculty association, the Minnesota conservation officers association, the Minnesota highway patrol supervisors association, the Minnesota nurses association, the Minnesota government engineers council, the association of institutional dentists, the state residential schools education association, the Minnesota administrative hearing officers association, the inter-faculty organization Minnesota education association, and the Minnesota state fire/arson investigators and fire inspectors, local No. S-13, I.A.F.F.,*"

Page 1, line 21, delete "wage" and insert "wages"

Page 1, after line 21, insert

"Sec. 2. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.985] [LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS.] *Subdivision 1. [ESTABLISHMENT.] There is created the legislative commission on employee relations. The commission shall consist of five members of the senate and five members of the house of representatives. The senate members shall include the majority leader, the minority leader, the chairman of the governmental operations committee, the chairman of the finance committee, and the chairman of the tax committee, or their designees. The house members shall include the speaker, the minority leader, the chairman of the governmental operations committee, the chairman of the appropriations committee, and the chairman of the tax committee, or their designees. In the event that the membership of the house is evenly divided, the house members shall be selected pursuant to the rules of the house. The commission shall elect its own officers who shall serve for terms*

of two years. The chairmanship of the commission shall alternate between a member of the senate and a member of the house.

Subd. 2. [STATE EMPLOYEE NEGOTIATIONS.] Prior to the commencement of collective bargaining activities with state employees, the commission shall conduct hearings at which public employees, representatives of public employees and the commissioner of personnel shall be allowed to testify as to their beginning negotiating positions. The commissioner of personnel shall regularly advise the commission on the progress of collective bargaining activities with state employees pursuant to the state public employment labor relations act. The commission may make recommendations to the commissioner as it deems appropriate. The commissioner shall submit to the chairman of the commission any negotiated agreements or arbitration awards which the commissioner has approved within five days of the making thereof. If the commission disapproves of any agreement or award, the commission shall specify in writing to the parties those portions with which it disagrees and the reasons therefor. Upon receipt of the notice of disapproval from the commission, the commissioner of personnel will reopen the negotiations. If the commission approves of an agreement or award, it shall cause the matter to be submitted to the legislature to be accepted or rejected pursuant to section 179.74. Failure of the commission to disapprove of affected portions of an agreement or award within 30 days of its receipt shall be deemed approval. Approval or disapproval by the commission shall not be binding on the entire legislature.

Subd. 3. [OTHER DUTIES.] In addition to the duties specified in subdivision 2, the commission shall perform the following:

(a) Continually monitor the state's civil service system, chapter 43, and collective bargaining process, Sections 179.61 to 179.76, as applied to state employees;

(b) Research and analyze the need for improvements in those statutory sections; and

(c) Perform such other related functions as are delegated to it by the legislature.

Sec. 3. [DEFINITIONS.] Subdivision 1. As used in sections 3 to 7, the terms defined in this section have the meanings given them.

Subd. 2. "State agency" means every department and agency in the executive branch of state government having more than 40 state funded positions, but not including the constitutional officers nor the University of Minnesota. For the purposes of sections 3 to 7 only, it also means the legislative audit commission and the Minnesota historical society.

Subd. 3. "State-funded positions" means all full-time equivalent personnel positions however authorized, except those funded entirely by federal money and those which provide direct care to residents at state hospitals.

Subd. 4. "Normal attrition" means vacancies occurring due to voluntary resignations, retirements, and deaths. It does not include vacancies due to involuntary dismissals and terminations.

Sec. 4. Each state agency shall submit to the commissioner of finance, the chairmen of the senate finance and house appropriations committees, and the legislative commission on employee relations by October 1, 1980, a plan for reducing its number of employees pursuant to sections 3 to 7 during the 1981-1983 biennium. The plan shall include (1) a description of the number and types of reductions in positions, (2) an analysis of the effect of the reductions on services provided by the agency, and (3) an analysis of the ratio of supervisory to non-supervisory employees in the agency.

Sec. 5. [POSITION REDUCTIONS.] Subdivision 1. [VACANT POSITIONS.] The commissioner of finance shall cancel every state funded position that has remained vacant for more than 90 days, unless (a) the commissioner of personnel has certified that the position has not been filled because the department of personnel was unable to certify any names pursuant to section 43.18, or (b) an exception has been requested pursuant to subdivision 4. If the exception is denied, the position shall be cancelled.

Subd. 2. [NORMAL ATTRITION.] Each state agency shall reduce the number of its state funded positions authorized on July 1, 1981 by at least four percent. Reductions shall be accomplished solely by cancellation pursuant to subdivision 1 and normal attrition. Subject to the needs of the state agency, the reductions shall be distributed among salary schedules in approximate proportion to the number of employees in each schedule. Positions providing custodial control of inmates of state correctional institutions, maintenance of state highways, teaching at state universities and community colleges paid for by increased tuition from increased enrollment, or enforcement of state laws on state highways or public lands and waters shall not be eliminated unless the agency shows that it has no other feasible and prudent alternative. To the maximum extent feasible, one-half of the reduction shall be accomplished by June 30, 1982, and the remainder by June 30, 1983.

Subd. 3. [TRANSFERS.] A state agency may transfer positions to another agency pursuant to Minnesota Statutes, Section 16.125, but the number of positions on July 1, 1981 for each agency affected shall be adjusted to reflect the transfer. A position that is eliminated by transferring an employee to part-time, seasonal, or other status of employment by the same state agency does not count as a position reduction for purposes of meeting the goals set by this section.

Subd. 4. [EXCEPTIONS; SHIFTS.] Where the position cancellations and reductions required by this section would unduly impair the ability of a state agency to perform the duties assigned to it, the state agency may apply to the commissioner of finance

for an exception permitting the agency to avoid the cancellation or make a lesser reduction than would otherwise be required.

Sec. 6. [SPENDING PLANS.] Subdivision 1. [TRANSFERS.] *A state agency shall not transfer any money to or from personal services as shown on the official worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance, without the written approval of the commissioner of finance, who shall consult with the legislative advisory commission for its recommendations, which are advisory only.*

Subd. 2. [SALARY SAVINGS.] *The commissioner of finance shall reduce the amount allotted or to be allotted to each state agency by the amount of any saving that can be effected upon previous spending plans through the position reductions required by section 5.*

Sec. 7. [REPORTING AND REVIEW.] Subdivision 1. *The commissioner of personnel shall report monthly to the commissioner of finance the number of vacancies occurring in each state agency due to normal attrition.*

Subd. 2. *The commissioner of finance shall report monthly to the chairmen of the senate finance and house appropriations committees and to the legislative commission on employee relations the number of vacancies occurring in each state agency due to normal attrition, the number of state funded positions that have been eliminated as required by section 5, and a summary of personnel employed by each state agency showing by fund the number of full-time and full-time equivalent state funded and federal positions and the number of persons actually employed by the agency.*

Subd. 3. *The legislative commission on employee relations shall periodically review the progress of the state agencies in meeting the requirements of section 5.*

Sec. 8. Minnesota Statutes 1978, Section 15.0411, Subdivision 2, is amended to read:

Subd. 2. "Agency" means any state officer, board, commission, bureau, division, department, or tribunal, other than a court, having a statewide jurisdiction and authorized by law to make rules or to adjudicate contested cases. "Agency" also means the capitol area architectural and planning board. Sections 15.0411 to 15.052 do not apply to (a) agencies directly in the legislative or judicial branches, (b) emergency powers in sections 12.31 to 12.37, (c) corrections board and pardon board, (d) the unemployment insurance program in the department of economic security, (e) the director of mediation services, (f) the workers' compensation division in the department of labor and industry, (g) the workers' compensation court of appeals, (h) board of pardons, or (i) the department of military affairs. Sections 15.0418 to 15.0426 do not apply to the Minnesota municipal board or the public employment relations board.

Sec. 9. Minnesota Statutes 1978, Section 15A.081, Subdivision 1, is amended to read:

15A.081 [SALARIES AND SALARY RANGES FOR CERTAIN EMPLOYEES.] Subdivision 1. The following salaries or salary ranges are provided for the below listed employees in the executive branch of government:

	Base Salary or Range
Administration, department of commissioner	\$41,000
Agriculture, department of commissioner	36,000
Attorney general, office of deputy attorney general	23,000-42,000
Commerce, department of commissioner of banks	32,000
commissioner of insurance	32,000
commissioner of securities	32,000
executive secretary, commerce commission	27,000
Community college system chancellor	41,000
Corrections, department of commissioner	36,000
ombudsman	32,000
Crime prevention and control, governor's commission on executive director	32,000
Economic development, department of commissioner	32,000
Economic security, department of commissioner	41,000
Education, department of commissioner	41,000
Energy agency director	36,000
Finance, department of commissioner	45,000
Health, department of commissioner	41,000
Hearing examiners office chief hearing examiner	36,000
Higher education coordinating board executive director	36,000
Housing finance agency executive director	36,000

	Base Salary or Range
Human rights, department of commissioner	\$29,000
Indian affairs board executive director	25,000
Investment, board of executive secretary	41,000
Iron range resources and rehabilitation board commissioner	29,000
Labor and industry, department of commissioner	36,000
judge of the workers' compensation court of appeals	36,000
director, mediation services	29,000
Natural resources, department of commissioner	41,000
Personnel, department of commissioner	41,000
Planning agency director	41,000
Pollution control agency director	36,000
<i>Public employment relations board</i> <i>chairman</i>	<i>32,500</i>
<i>member</i>	<i>32,500</i>
Public safety, department of commissioner	36,000
Public service, department of commissioner, public service commission director	32,000 32,000
Public welfare, department of commissioner	41,000
Revenue, department of commissioner	41,000
State university system chancellor	41,000
Transportation, department of commissioner	41,000
Veterans affairs, department of commissioner	29,000

Sec. 10. Minnesota Statutes 1978, Section 15A.13, is amended to read:

15A.13 [OTHER TERMS AND CONDITIONS OF EMPLOYMENT.] The annual salaries prescribed by chapter 15A

for positions in the unclassified service of the executive branch of the state government are in addition to other terms and conditions of their employment as now or hereafter prescribed by law or the commissioner of personnel pursuant to section 43.127, subdivision 6 .

Sec. 11. Minnesota Statutes 1978, Section 16A.123, is amended to read:

16A.123 [APPROVED COMPLEMENT.] The approved complement set for an agency by law limits the number of persons who may be employed by personnel positions in the agency at any one time. The approved complement does not apply to independent contractors. In addition to the approved complement, part-time employees, seasonal or intermittent employees as defined by the commissioner of personnel, summer student help, service workers, preservice trainees employed pursuant to affirmative action programs approved by the commissioner of personnel, CETA employees, or employees engaged in repair or construction projects may be employed with the advance approval of the commissioner of finance who shall determine the need for them and that money is available. The approved complement applies to persons employed by positions in the agency regardless of the fund or appropriation from which they are paid.

Additional full-time employees positions over the number of the approved complement may be employed created on the basis of public necessity or emergency. If the employee position is to be paid from a direct an appropriation of money other than federal money , the addition shall not be made without the written approval of the governor. The governor shall not approve the addition until after he has consulted with the legislative advisory commission and the commission has made its recommendation on the matter. The recommendation is advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation. If the employee position is not to be paid from a direct an appropriation of federal money , the addition may be made with the written approval of the commissioner of finance who shall determine the need for it and that money is available. The commissioner of finance shall promptly notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the additions.

Sec. 12. Minnesota Statutes 1978, Section 43.01, Subdivision 10, is amended to read:

Subd. 10. [POSITION.] "Position" means an office, position, or employment a group of current duties and responsibilities assigned or delegated by competent authority, requiring the full time or part time employment of one person .

Sec. 13. Minnesota Statutes 1978, Section 43.01, Subdivision 11, is amended to read:

Subd. 11. [APPOINTING AUTHORITY.] "Appointing authority" means the appointing officer or authority of any state office or department a person or group of persons empowered by

the constitution, by statute, or executive order to employ or to make appointments to positions in the state civil service."

Page 2, after line 13, insert:

"Sec. 15. Minnesota Statutes 1978, Section 43.01, is amended by adding a subdivision to read:

Subd. 23. [PERMANENT.] "Permanent" means the employment status of an employee in the classified civil service who has been appointed to a position after successfully completing an initial probationary period as set forth in section 43.21.

Sec. 16. Minnesota Statutes 1978, Section 43.05, Subdivision 2, is amended to read:

Subd. 2. [SPECIFIED DUTIES.] The commissioner shall:

- (1) Attend all meetings of the board;
- (2) ~~Prepare~~ *Promulgate* personnel rules for the purpose of carrying out the provisions of this chapter; these rules shall provide, among other things, for current records of efficiency, and standards of performance, for all officers and employees subject to the provisions of this chapter; the manner of completing appointments and promotions; rejection of eligible candidates; examinations; retention of examination records under the provisions of section 138.163; creation of eligible lists, with successful candidates ranked according to their ratings in the examinations; leaves of absence with and without pay; transfers, reinstatements, layoffs, vacations, and hours of work; public notice of examinations; procedure for changes in rates of pay; compulsory retirement at fixed ages; and other conditions of employment. If a rule is made concerning sick leave for illness in the immediate family of an employee, the term "immediate family" shall be limited to the spouse, minor or dependent children, or parent where the parent has no other person to provide the necessary nursing care, living in the household of the employee;
- (3) Appoint temporary and permanent employees and officers as are necessary to carry out the provisions of this chapter; these employees and officers shall be chosen in accordance with and shall be subject to, the provisions of this chapter;
- (4) Keep in the office of the department of personnel an official roster of the state civil service *Operate an information system from which data can be retrieved concerning employees in agencies under his jurisdiction showing the their employment history of each and every person who has been appointed to, employed, promoted, reduced, or reinstated in any position in the service; which roster shall show, in connection with each name, histories including the date of appointment, employment, promotion, reduction demotion , reinstatement, increases or decreases in pay, the compensation and title of the position, changes in title, transfers, sick or annual leaves, and separations from the service; and the commissioner shall have access to all public records and papers private personnel data kept by an appointing authority ,*

the examination of which will aid in the discharge of his duty in connection with the roster duties ;

~~(5)~~ (4) Prepare, in accordance with the provisions of this chapter and the rules adopted hereunder, examinations, eligible lists, and ratings of candidates for appointment;

~~(6)~~ (5) Make certifications for appointment within the classified service, in accordance with the provisions of this chapter;

~~(7)~~ (6) Make investigations concerning all matters touching the enforcement and effect of the provisions of this chapter and the personnel rules prescribed hereunder;

~~(8)~~ (7) Discharge such duties as are imposed upon him by this chapter;

~~(9)~~ (8) Establish, publish and continually review logical career paths in the classified civil service;

~~(10)~~ (9) Consider all requests for other than state appropriated funds from any state department or agency for personnel purposes all of which shall be submitted to him for comment before any such request is made of a federal, local, or private agency; and

~~(11)~~ (10) Prepare rules regulating the temporary placement designation of positions in the unclassified civil service;

~~(12)~~ (11) Review, establish or change titles for the positions in the unclassified civil service in the executive branch of state government except those established by law or by the constitution, to make titles descriptive of positions and consistent throughout the state service; and

~~(13)~~ (12) In conformance with the rule making provisions of chapter 15, promulgate a code of ethics establishing standards of conduct to be observed by state employees in the performance of their official duties.

Sec. 17. Minnesota Statutes 1978, Section 43.055, is amended to read:

43.055 [EXTENT OF AUTHORITY.] Whenever any power or authority is given to the commissioner of personnel by any provision of ~~chapters 15A or~~ chapter 43, such power or authority shall extend to all ~~departments~~ agencies in the executive branch, but shall not extend to any ~~subdivisions or~~ employees in the judicial branch or legislative branch. The classified employees in the office of the legislative auditor, the Minnesota state retirement system, and teachers retirement association, however, shall be subject to the powers or authority of the commissioner of personnel.

Sec. 18. Minnesota Statutes 1978, Section 43.064, is amended to read:

43.064 [OTHER SALARIES SET BY COMMISSIONER OF PERSONNEL.] Notwithstanding any other law to the contrary, salaries compensation for all unclassified positions in the executive branch not enumerated in the listing described in section 15A.081,

shall be established by the commissioner of personnel except for the following: (1) ~~positions listed in section 15A.083;~~ (2) positions listed in section 299D.03; ~~(3)~~ (2) employees in the office of the governor whose salaries shall be determined by the governor; (4) (3) employees in the office of the attorney general; ~~(5)~~ (4) positions in the state university system, the community college system, and in the higher education coordinating board whose primary duties consist of instructing and counseling students, directing academic programs of schools, divisions or departments of colleges and community colleges, or conducting research on academic subjects, *or conducting academic support programs*; and the positions of state university *and community college* presidents. Individual salaries for positions enumerated in clauses (3) and (4) and ~~(5)~~ *for classified hearing examiners in the office of hearing examiners* shall be determined by the attorney general, the state university board, the state board for community colleges, and the higher education coordinating board, *and the chief hearing examiner*, respectively, within the limits of salary plans which shall have been approved by the commissioner of personnel before becoming effective.

No provision of any subsequent law relating to salaries of state employees shall be construed as inconsistent with this section unless it is expressly provided in such subsequent act that the provisions of this section shall not be applicable or shall be superseded, amended, or repealed.

Sec. 19. Minnesota Statutes 1978, Section 43.067, Subdivision 3, is amended to read:

Subd. 3. [MEDICAL DOCTORS EXEMPTED.] Salaries of medical doctors who are occupying positions which the commissioner of personnel determines require an *a* M.D. degree and who are paid under the provisions of section 43.126, or who are employed by political subdivisions in positions that the governing body of the political subdivision has determined require an *a* M.D. degree, *and dentists who are employed by the department of corrections and welfare* shall be excluded from the limitation provided in this section.

Sec. 20. Minnesota Statutes 1978, Section 43.09, Subdivision 2, is amended to read:

Subd. 2. [UNCLASSIFIED SERVICE.] The unclassified *civil* service comprises positions held by state officers or employees who are:

(1) Chosen by election or appointed to fill an elective office;

(2) Heads of department required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, divisions and institutions specifically established by law, except that with respect to state institutions, the provisions of section 246.02 are hereby continued in effect; provided, this clause shall not apply to heads of divisions now exist-

ing in the department of labor and industry ; ~~nor to the director of the division of vocational rehabilitation in the department of education ;~~

(3) Except as herein otherwise enlarged, one private secretary to each of the elective officers of this state, and in addition thereto, one deputy, clerk, or employee to the secretary of state, state auditor, and state treasurer;

(4) Intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;

(5) Employees in the offices of the governor and of the lieutenant governor, and one confidential employee for the governor in the office of the adjutant general;

(6) Officers and employees of the senate and house of representatives of the legislature including temporary or permanent employees of legislative committees or commissions. Employees of the legislative audit commission, except for the legislative auditor, his deputy, and his confidential secretary, however, shall be employees in the classified civil service of the state;

(7) Teachers, research assistants, student employees on less than half-time pay basis or eligible under terms of the federal economic opportunity act work study program, presidents, deans, and administrative officers in the state universities *and community colleges*; but this clause shall not be construed to include the custodial, clerical, or maintenance employees, or any administrative officers, or clerical workers performing duties in connection with the business administration of these institutions;

(8) Officers and enlisted persons in the national guard;

(9) Attorneys, legal assistants, examiners, and three confidential employees appointed by the attorney general or employed with his authorization;

(10) All courts and all employees thereof, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the department of labor and industry;

(11) Patient and inmate help in state institutions;

~~(12) Members of the state highway patrol; provided that selection and appointment of highway patrol officers troopers shall be made in accordance with applicable laws governing the classified state civil service;~~

~~(13) The deputy commissioner of agriculture, and the deputy director and assistant director of the Minnesota pollution control agency;~~

~~(14) One employee of the state treasurer, for the purpose of receiving and safekeeping assets deposited and maintained with the state treasurer, pursuant to Laws 1943, Chapter 501, and whose salary or compensation is to be reimbursed to the state under said act;~~

- ~~(15)~~ (12) Seasonal help employed by the department of revenue;
- ~~(16)~~ (13) Employees of the department of administration permanently assigned to the ceremonial house ;
- (14) *Examination monitors and intermittent training instructors employed by the department of personnel;*
- (15) *Student workers;*
- (16) *Unclassified pursuant to other statutory authority .*

Sec. 21. Minnesota Statutes 1978, Section 43.09, Subdivision 2a, is amended to read:

Subd. 2a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Notwithstanding any other law to the contrary, the personnel board, upon the request of the governor, is hereby authorized to establish permanent unclassified positions, or to unclassify previously classified positions, provided that:

(1) Positions so established involve only deputy or assistant heads of departments or agencies, or director level positions which are not specifically established by law, and who are appointed by and report directly to a head of a department or agency who is required by law to be appointed by the governor, or by a gubernatorially appointed board; as well as one position for a personal secretary of any head of a department or agency listed in clause (4).

(2) Classified incumbents of such positions, if any, are not removed from that position for a period of one year except under applicable provisions of rules and laws governing classified state employees. An incumbent of a position that is declassified pursuant to this subdivision, if he so requests within 120 days after being removed from that position, shall be appointed to a classified position comparable to the position that was declassified, or if such a position is unavailable, to a position comparable to that which he held immediately prior to being appointed to the position that was declassified. If a position is declassified and the incumbent at the time the position was declassified had no classified status immediately prior to the appointment to the position that was declassified, he shall, if he so requests within 120 days after being removed from that position, be appointed to a comparable or lower classified position within two salary ranges of the position that was declassified.

(3) If an employee in the classified civil service accepts a newly created unclassified position, he shall retain an inactive classified civil service status and, upon his request, shall be reappointed to a classified position comparable to that which he held immediately prior to being appointed to the *unclassified* position ~~that was declassified~~ .

(4) Positions so established are limited in number to six in the departments of administration, corrections, economic security, finance, transportation, natural resources, public safety, public welfare, and revenue; to five in the departments of commerce, educa-

tion, health, labor and industry, and personnel *and the housing finance agency*; to four in the departments of agriculture, and economic development; to three in the department of public service, the planning agency, and the pollution control agency; and to two in the departments of human rights, *the crime control planning board* and veterans affairs. Departments or agencies not enumerated in this clause shall not be authorized to establish additional unclassified positions under the provisions of this subdivision.

(5) Funds are available.”

Page 2, line 22, reinstate “33”

Page 2, line 23, delete “30”

Page 2, line 28, delete “\$2,996” and insert “\$3,598”

Page 8, line 31, reinstate “special teachers.”

Page 9, line 11, reinstate “special teachers.”

Page 9, line 11, after “labor” insert “service”

Page 10, after line 11, insert:

“Sec. 34. Minnesota Statutes 1978, Section 43.12, Subdivision 15, is amended to read:

Subd. 15. Notwithstanding the provisions of any other law to the contrary, ~~when prior to making an appointment to the unclassified civil service of the executive branch of government, except for unclassified employees compensated in accordance with plans submitted to the commissioner under the provisions of section 43.064,~~ the appointing authority shall provide the commissioner with a personal resume of the appointee and a detailed job description outlining the duties and responsibilities of the position which the appointee will occupy in such form as the commissioner may prescribe. Any changes in work assignment shall be reported in writing to the commissioner. If, in the judgment of the commissioner, additional information is required in order to establish comparability with positions in the classified civil service, the commissioner shall review the duties of the position in the same manner as a position in the classified civil service would be investigated. All persons in the unclassified civil service of the executive branch of government, except those whose salary is set specifically by statute, shall be paid according to the compensation provisions applicable to employees performing comparable work in the classified civil service, but in no event shall unclassified personnel receive rates of pay which exceed the maximum rate of the salary range established for comparable work in the classified civil service. *The appointing authority shall provide the commissioner with a personal resume of the appointee at the time of appointment to a position subject to the provisions of this subdivision.*”

Page 10, line 16, reinstate “, and special teachers”

Page 10, delete lines 21 to 23

Page 10, line 24, delete everything before the stricken "Such"

Page 11, line 17, strike everything after the period

Page 11, lines 18 to 21, strike old language and delete new language

Page 11, line 22, delete everything before the stricken "The"

Page 14, line 3, delete "179.77" and insert "179.76"

Page 14, line 10, delete "179.77" and insert "179.76"

Page 15, after line 20, insert:

"Sec. 41. Minnesota Statutes 1978, Section 43.127, Subdivision 6, is amended to read:

Subd. 6. [EMPLOYEE BENEFITS.] The commissioner may design an employee benefit system for employees defined as managerial providing flexibility between leave, insurance, and other compensation items, which may differ from those for other state employees. Retirement items shall not be included in the commissioner's authority. *The managerial benefits established under the provisions of this subdivision may be extended to unclassified managers, including those department heads and deputies whose salaries are established in section 15A.081, subdivisions 1 and 5.*

Sec. 42. Minnesota Statutes 1978, Section 43.15, Subdivision 5, is amended to read:

Subd. 5. [EXPANSION OF ELIGIBLE LISTS TO MEET AFFIRMATIVE ACTION GOALS.] When the commissioner of personnel determines that a disparity exists between the agency's work force and its approved affirmative action plan, the commissioner shall insure to the extent possible that members of the protected group groups for which the disparity exists are included on that portion of the eligible list of persons to be considered for appointment, which list is hereinafter referred to as the "appointment list". Notwithstanding any contrary provision of this chapter, when a position is to be filled by open competitive examination and fewer than three individuals of a *all* protected group groups for which a disparity has been determined to exist appear on the appointment list, the commissioner shall certify, if possible, as many additional names in order from the eligible list as are necessary so that an aggregate total of three persons from all the protected groups for which a disparity has been determined to exist have been added to appear on the appointment list. Notwithstanding any contrary provision of this chapter, when a position is to be filled by examination other than open competitive examination and fewer than one-third of the individuals on an appointment list are members of the protected group groups for which a disparity has been determined to exist, the commissioner shall certify, if possible, as many additional names in order from the eligible list as are necessary so that persons from all the protected groups for which a disparity has been determined to exist comprise one-third of the appointment list or until an aggregate total of three persons from all the protected groups for which a disparity has been determined to exist have been added to appear on the appointment list,

whichever comes first. *However, the appointment list shall not be expanded when the position to be filled is covered by a collective bargaining agreement which provides for the filling of vacancies by seniority and the appointment list developed in accord with section 43.18 includes the names of one or more employees within the bargaining unit in which the vacancy exists.* Notwithstanding any provision of this subdivision to the contrary, no person shall be added to an appointment list as a result of this subdivision if that person received a score of less than 70 on the applicable test."

Page 15, line 24, strike "appropriate"

Page 15, line 25, strike everything after "list"

Page 15, strike lines 26 to 28

Page 15, line 29, strike "satisfactory list" and insert "*determined appropriate by the commissioner. Where the vacancy to be filled is in a position covered by a collective bargaining agreement, the appointment list shall be made available upon request to the exclusive representative as defined in sections 179.61 to 179.76*"

Page 16, after line 5, insert

"Sec. 44. Minnesota Statutes 1978, Section 43.17, Subdivision 4a, is amended to read:

Subd. 4a. Notwithstanding any law to the contrary, persons may be employed by any governmental ~~department~~ agency in the classification of service worker or be employed as a pre-service trainee, as defined by applicable personnel job description or personnel rule, in excess of any personnel limitations, quotas or complements as established by law. Said employment shall be subject to restrictions contained in section ~~16.173~~ 16A.123 and shall be subject to the advance approval of the commissioner of ~~administration~~ finance .

Sec. 45. Minnesota Statutes 1978, Section 43.19, is amended to read:

43.19 [VACANCIES; PROMOTIONS; DISMISSALS.] Subdivision 1. [VACANCIES FILLED BY PROMOTION.] (1) Vacancies in positions shall be filled, so far as practicable, by promotion from among persons holding positions in the ~~classified~~ executive branch of the state civil service, or the legislative branch of state civil service, and classified positions on the staff of the legislative auditor, Minnesota state retirement system and teachers retirement association and, subject to such exceptions as the commissioner may provide, from the lower class and in accordance with section 43.18 and personnel rules. Except as provided in clause (2), promotions shall be based upon merit and fitness, to be ascertained by competitive examinations in which the employee's efficiency and job-related conduct shall constitute a factor. For positions defined by personnel rule as "non-managerial" seniority shall also constitute a factor.

(2) The commissioner may authorize the appointing authority of any state agency to promote any employee in that agency to a position in a higher class requiring peculiar and exceptional quali-

fications of an administrative, scientific, professional, or expert character, following a non competitive examination, which shall be practical and shall involve only the duties of the position provided his position has been reallocated as the result of gradual changes in the job which have occurred over a period of time and he has performed satisfactorily in the position .

(3) The commissioner shall give the non competitive examinations provided for in clause (2) upon request of any appointing authority, in accordance with personnel rules.

Subd. 2. [INCREASE, WHEN A PROMOTION.] For the purpose of this section, the commissioner shall determine, by personnel rule, what shall constitute a promotion.

Subd. 3. [RESTORATION TO POSITION AFTER DISMISSAL.] Any promotional appointee who is either dismissed during the probationary period from the position to which he has been promoted for cause other than misconduct or delinquency on his part from the position to which he has been promoted either during the probationary period, or who does not attain permanent classified civil service status in the class to which he has been promoted in accord with section 43.21 at the conclusion thereof by reason of the failure of the appointing authority to file a request for his continuance in the position of the probationary period , shall be restored to the a position in the class and agency from which he was promoted. Nothing contained in this section shall be construed to prevent any employee of the classified civil service from competing for places upon registers of persons eligible for original appointments.

Subd. 4. [MANAGERIAL OR PROFESSIONAL POSITION, FILLING.] Notwithstanding any provision in this chapter, to the contrary, every vacancy in a managerial or professional position shall be open to any state employee in the executive branch or legislative branch and any classified employee of the legislative auditor, Minnesota state retirement system and teachers retirement association qualifying through examination and in accordance with the provisions of sections 43.18, subdivision 1. The commissioner of personnel may require the filling of this type of vacancy by any qualified person, but in no case shall the filling of such a vacancy be limited to only the employees of a department or agency. For professional positions seniority in length of service shall also be one of the factors in an appointment in the manner as provided by personnel rule.

Subd. 5. [PROMOTIONS; WORK STATION LOCATION.] No employee of any agency in the executive branch shall be deemed ineligible for promotion to a position solely because of the location of the employee's current work station or the location of the work station to which the employee would be assigned if promoted to that position.

Sec. 46. Minnesota Statutes 1978, Section 43.20, Subdivision 3, is amended to read:

Subd. 3. In case of an emergency, an appointment may be made without regard to the provisions of this chapter, but in no case

shall it continue longer than ~~ten~~ 30 working days, and in no case shall successive emergency appointments be made; . This provision shall apply to both persons and positions; and . No person shall receive *be employed more than three 30 working days on emergency appointments in any one or different positions within any 12 month period by the same appointing authority .*

Sec. 47. Minnesota Statutes 1978, Section 43.20, Subdivision 5, is amended to read:

Subd. 5. Where the services to be rendered by an appointee are for a temporary period not to exceed an accumulation of six months in any 12 month period, the commissioner shall , *when practicable*, certify from an eligible list for the temporary service any person he deems qualified; the acceptance or refusal by an eligible of a temporary appointment shall not affect his standing on the register for permanent employment, nor shall the period of temporary service be counted as a part of the probationary period in case of subsequent appointment to a permanent position. *Where certification from an eligible list is impractical, the commissioner may authorize the temporary appointment of an individual designated by the appointing authority. The commissioner shall refer to the appointing authority the names of employees on layoff from the legislature who are available for appointment to temporary positions with duties and responsibilities comparable to work performed in the legislature. The secretary of the senate and the chief clerk of the house shall supply the names of legislative employees on layoff status who are available for appointment.* No temporary appointment shall exceed an accumulation of six months except to fill a vacancy created by an approved leave of absence not to exceed one year or where the commissioner grants an extension of temporary appointment to the maximum of one year in the best interests of the state. *No person shall receive successive temporary appointments, nor be employed in temporary appointments for more than 12 months within any 24 month period.*

Sec. 48. Minnesota Statutes 1978, Section 43.227, is amended to read:

43.227 [TIME OFF IN EMERGENCIES.] ~~At the request of a department head, and An appointing authority, after consultation with the commissioner of public safety, the commissioner may authorize the requesting department head to excuse state employees from duty with full pay in the event of a natural or man made emergency, if continued operation would involve a threat to the health or safety of individuals. Absence with pay shall not exceed 16 working hours at any one time unless the governor commissioner authorizes a longer duration.~~

Sec. 49. Minnesota Statutes 1978, Section 43.24, is amended to read:

43.24 [REMOVAL.] Subdivision 1. [WRITTEN STATEMENT.] No permanent employee in the classified service, under the provisions of this chapter or the rules made pursuant thereto, shall be removed, discharged, suspended without pay for more

than 30 days, or reduced in pay or position, except for just cause, which shall not be religious or political, or because of the employee's race, sex, disability or age, subject however to the mandatory retirement ages specified by law. In case of any disciplinary action, as enumerated in this section, the employee shall, before the action is taken, be furnished with a statement, in writing, setting forth the reasons for the disciplinary action, be permitted five days time to reply thereto, in writing, or upon his request, to appear personally and reply to the head of the department. A copy of the statement and the employee's reply, if any, shall be filed with the commissioner prior to the effective date thereof. Any permanent employee in the classified service who is removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position, shall be notified no later than the effective date of the action of his right to appeal the action to the board.

Subd. 1a. For the purposes of this section, "just cause" includes, but is not limited to, consistent failure to perform assigned duties, chronic unauthorized absenteeism, substandard or consistently marginal performance, failure to improve performance despite warnings and suggestions for improvement by supervisors, insubordination, and unfavorable performance appraisals. "Just cause" excludes the religious beliefs, political beliefs, race, sex, disability status and age of the employee, subject however to mandatory retirement ages specified by law.

Subd. 2. [APPEAL TO BOARD; PUBLIC HEARINGS, FINDINGS, HEARING CONFERENCE.] Any permanent employee who is removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position and who has not elected to proceed pursuant to a grievance procedure, if such procedure is available, pursuant to sections 179.61 to 179.77, may appeal to the board within 30 days after the effective date of such removal, discharge, suspension or reduction in pay or position. In no event may an employee avail himself of both the procedure under this section and the grievance procedure under sections 179.61 to 179.77. Upon such appeal, both the appealing employee and the appointing authority or their representatives shall meet with the hearing officer, at a place and on such date as set by him for the purpose of determining the facts at issue. Prior to the hearing conference, both parties may stipulate on mutually agreed matters relevant to the dismissal or other disciplinary action referred to in this subdivision. If the hearing officer is successful in reaching a mutually agreed settlement between both parties, such agreement shall be certified to the board, with copies furnished to both parties, and such agreement, if approved by the board, shall become binding on both parties. The hearing conference shall be conducted in such manner and follow such procedures as prescribed by the board. The issues and facts on which agreement has not been reached will be decided during the hearing at which hearing technical rules of evidence shall not apply. If the board finds that the action complained of was not taken by the appointing authority for just cause, the employee shall be reinstated to his position, or an equal position in another department or division, without loss of pay. If the board finds that there

exist sufficient grounds for institution of dismissal but extenuating circumstances are brought out in testimony and evidence, it may in its discretion reinstate the employee, with full, partial, or no pay, or it may modify the appointing authority's action by substituting a lesser disciplinary action. The hearing officer shall recommend to the board an appropriate disposition of the case. If no exceptions are made, the hearing officer's recommended disposition shall, at the option of the board, become final. If exceptions are taken, the board, upon a review of the record, may accept the officer's recommendations with or without additional oral or written evidence from the parties, may remand the case to the officer for further hearing, adopt the hearing officer's report with any changes warranted by the record, or issue its own report of findings and orders. In those cases in which the board finds just cause for dismissal, the findings and recommendations of the board shall be submitted to and considered by the appointing authority, who may, not later than 30 days after receipt of such findings and recommendations, reinstate the employee with or without pay for the period of suspension, or otherwise modify his original decision of suspension, demotion, or discharge. When any permanent employee is dismissed and not reinstated after appeal, the board may direct that his name be placed on an appropriate reemployment list, for employment in any similar position other than the one from which he has been removed, which direction shall be enforced by the commissioner.

Subd. 3. [REQUEST FOR WRITTEN STATEMENT.] When any such permanent employee shall be suspended without pay, he shall, within 30 days time after being notified of such disciplinary action, be furnished with a statement in writing specifically setting forth the reasons for the disciplinary action, and a copy of such statement shall then also be filed with the commissioner.

Sec. 50. Minnesota Statutes 1978, Section 43.32, Subdivision 4, is amended to read:

Subd. 4. [HUMAN RESOURCES PLANNING.] The commissioner, in conjunction with state agency heads, shall develop a statewide system of manpower planning in cooperation with state departments and agencies which shall provide for an assessment of present and future manpower needs analyze and assess current and future human resource requirements.

The commissioner may, in conjunction with the commissioner of finance, require state agencies to prepare human resource plans that correspond with agency funding cycles. The content of any human resource plan required by this provision shall be prescribed by the commissioners of personnel and finance at the same time biennial budget or other funding instructions are issued.

The commissioner shall coordinate departmental agency training activities and other personnel actions throughout the state civil service in order to meet the current and projected personnel human resource requirements of the state.

Sec. 51. Minnesota Statutes 1978, Section 43.327, Subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER TO MAKE RULES ON TRAVEL.]
 (1) The commissioner shall ~~make promulgate~~ personnel rules relating to *special expenses and travel of state employees on state business and expenses incurred thereon*. For purposes of this subdivision, "special expense" means a necessary reimbursable expense for meals, lodging, registration, conference fees or other expenses incurred in connection with assigned official duties of a state employee and where the employee's attendance or participation will accrue primarily to the state.

(2) When unusual difficulty in recruiting qualified applicants is being encountered, the commissioner may authorize the appointing authority to pay travel expenses incurred by applicants invited for oral examinations or for employment interviews in the same manner and amounts authorized by personnel rules for state employees.

Sec. 52. Minnesota Statutes 1978, Section 43.327, Subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER OF FINANCE TO ENFORCE RULES.] The commissioner of finance shall enforce the personnel rules concerning travel ~~or~~, relocation and special expenses and provide for the payment of expenses actually incurred or for payment on a daily flat rate as the personnel rules may permit. The commissioner of finance may delegate the authority to approve travel and special expenses to the appointing authority. Subsequent delegation by the appointing authority must be approved in advance by the commissioner of finance and filed with the secretary of state. The commissioner of finance shall periodically review authority that has been delegated to ensure compliance with personnel rules relating to travel and special expenses and may modify or withdraw the delegation at any time upon written notice to the appointing authority."

Page 16, line 20, after the period insert "Vacation leave, compensatory time or sick leave cannot be used for the purpose of continuing state paid insurance by keeping an employee on a state payroll for one working day per payroll period during the time the employee is on an unpaid leave of absence."

Page 17, line 23, after "to" insert "an"

Page 17, after line 27, insert

"Sec. 55. Minnesota Statutes 1978, Section 43.47, Subdivision 2, is amended to read:

Subd. 2. An emergency, temporary, or intermittent employee of the state; *student workers hired after July 1, 1979 and interns of the state*; a part time or seasonal employee of the state serving on less than a 75 percent time basis; but this exclusion shall not apply to a part time or seasonal employee of the state in the classified service who prior to April 1, 1967 was eligible for state paid basic life insurance and health benefits;

Sec. 56. Minnesota Statutes 1978, Section 43.491, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding the restrictions contained in section 43.44, subdivision 2, a retired state employee who is eligible for, applies for and receives an annuity under a state retirement program shall be eligible to continue to participate at his own expense in the hospital benefits coverage and medical benefits coverage provided for other state employees by sections 43.42 to 43.50. The retired employee may also, at his own expense, continue hospital benefits coverage and medical benefits coverage for his dependents who meet the general dependent eligibility requirements for those coverages. The coverage shall be coordinated with relevant health insurance benefits provided through the federally-sponsored medicare program. Within 30 days after April 6, 1978 August 1, 1979, or within 30 days after the effective date of his retirement, whichever day is later, the employee shall notify the commissioner or his designee of his intention to continue the coverage. The commissioner shall establish forms and procedures, *including provisions for notice to the retired or retiring employee*, for exercise of the option provided by this section and for payment of necessary premiums."

Page 18, line 13, after the period, insert "*Effective July 1, 1981, a health maintenance organization which is a carrier for state employees shall be eligible to receive the payments under this section for the evaluation and screening of state employees who are enrollees in that health maintenance organization.*"

Page 18, line 18, delete "*, not to exceed the total cost,*"

Page 20, after line 7, insert

"Sec. 59. Minnesota Statutes 1978, Section 62D.22, Subdivision 7, is amended to read:

Subd. 7. A *licensed* health maintenance organization shall be deemed to be a prepaid group practice plan for the purposes of chapter 43 and shall be allowed to participate as a carrier for state employees subject to any negotiated labor agreement and reasonable restrictions applied to all carriers .

Sec. 60. Minnesota Statutes 1978, Section 179.63, Subdivision 11, is amended to read:

Subd. 11. "Essential employee" means any person within the definition of subdivision 7 whose employment duties involve work or services essential to the health or safety of the public and the withholding of such services would create a clear and present danger to the health or safety of the public firefighters, police officers, highway patrolmen, guards at correctional institutions, and employees of hospitals other than state hospitals .

Sec. 61. Minnesota Statutes 1978, Section 179.64, Subdivision 5, is amended to read:

Subd. 5. Any public employee, upon request, shall be entitled, as hereinafter provided, to establish that he did not violate the

provisions of this section. Such request must be filed in writing with the officer or body having the power to remove such employee, board within ten days after notice of termination is served upon him; whereupon such officer, or body, the board shall within ten days commence a proceeding at which such person shall be entitled to be heard for the purpose of determining whether the provisions of this section have been violated by such public employee, and. If there be are laws and regulations establishing proceedings to remove such public employee, the hearing shall be conducted in accordance therewith proceedings shall be suspended until the board has issued its decision on whether or not a violation of this section has occurred. The proceedings may upon application to the court board by an employer, an employee, or employee organization and the issuance of an appropriate order by the court board include more than one employee's employment status if the employees' defenses are identical, analogous or reasonably similar. Such proceedings shall be undertaken without unnecessary delay. Any person may secure a review of his removal by serving a notice so requesting upon the employer removing him within 20 days after the results of the hearing referred to herein have been announced. This notice, with proof of service thereof, shall be filed within ten days after service, with the clerk of the district court in the county where the employer has its principal office or in the county where the employee last was employed by the employer. The district court shall thereupon have jurisdiction to review the matter the same as on appeal from administrative orders and decisions. This hearing, shall take precedence over all matters before the board and may be held upon ten seven days written notice by either party to both parties. The court shall make such order in the premises as is proper; and an appeal may be taken therefrom to the supreme court. The board shall make findings of fact and issue any order as is proper. Any sanction against an employee imposed by the employer pursuant to this section which is not reasonable or is inconsistent with the board's findings and order shall be an unfair labor practice and appealable to the board as such.

Sec. 62. Minnesota Statutes 1978, Section 179.64, Subdivision 7, is amended to read:

Subd. 7. Either A violation of section 179.68, subdivision 2, clause (9), or a refusal by the employer to request binding arbitration when requested by the exclusive representative pursuant to section 179.69, subdivision 3 or 5, or, as applied to state employees, a disapproval by the legislative commission on employee relations pursuant to section 2 or a failure by the legislature to approve pursuant to section 179.74, is a defense to a violation of this section, except as to essential employees. As to all public employees, no other unfair labor practice or violation of Laws 1973, Chapter 635 by a public employer shall be a violation of this section but may be considered by the court board in mitigation of or retraction of any penalties as to employees and employee organizations.

Sec. 63. Minnesota Statutes 1978, Section 179.65, Subdivision 6, is amended to read:

Subd. 6. Supervisory and confidential employees, principals and assistant principals may form their own organizations. An employer shall extend exclusive recognition to a representative of or an organization of supervisory or confidential employees, ~~or principals and assistant principals~~, for the purpose of negotiating terms or conditions of employment, in accordance with all other provisions of Laws 1973, Chapter 635, as though they were essential employees. Units of supervisory or confidential employees shall not participate in any joint negotiations which involve the participation of units of employees other than supervisory or confidential employees. Affiliation of a supervisory or confidential employee with another employee organization which has as its members non-supervisory employees or non-confidential employees is permitted.

Sec. 64. Minnesota Statutes 1978, Section 179.66, Subdivision 1, is amended to read:

179.66 [RIGHTS AND OBLIGATIONS OF EMPLOYERS.]
Subdivision 1. A public employer is not required to meet and negotiate on matters of inherent managerial policy, which include, but are not limited to, such areas of discretion or policy as the functions and programs of the employer, its overall budget, utilization of technology, the organizational structure and selection and direction and number of personnel. *No public employer shall sign an agreement which limits the right of the public employer to select persons to serve as supervisory employees or state managers pursuant to section 43.127 or requires the use of seniority in their selection.*

Sec. 65. Minnesota Statutes 1978, Section 179.67, Subdivision 3, is amended to read:

Subd. 3. The director may certify an employee organization as an exclusive representative in an appropriate unit upon the joint request of the employer and the organization if, ~~after investigation, he finds that no charge is pending with the board claiming that an~~ unfair labor practice was committed in initiating and submitting the joint request and that the employee organization does in fact represent over 50 percent of the employees in the appropriate unit. The provisions of this subdivision shall not in any case reduce the time period or nullify any bar to the employee organization's certification existing at the time of the filing of the joint request.

Sec. 66. Minnesota Statutes 1978, Section 179.67, Subdivision 13, is amended to read:

Subd. 13. Upon a finding by the ~~director~~ *board* of an unfair labor practice being committed by an employer or representative candidate or an employee or group of employees, which unfair labor practice affected the result of an election held pursuant to this section, the ~~director~~ *board* may void ~~such~~ the election result and order ~~the director to conduct a new election or, if a fair election cannot be held, the board may order the director to~~

certify a union if the unfair labor practice has resulted in the dissipation of the majority status of the employee organization.

Sec. 67. Minnesota Statutes 1978, Section 179.67, is amended by adding a subdivision to read:

Subd. 4a. The director shall not consider a petition for a decertification election during the effective term of a contract covering employees of the executive branch of the state of Minnesota except for a period for not more than 270 to not less than 210 days before its date of termination.

Sec. 68. Minnesota Statutes 1978, Section 179.68, Subdivision 1, is amended to read:

179.68 [UNFAIR PRACTICES.] Subdivision 1. The practices specified in this section are unfair practices. Any employee, employer, employee or employer organization, exclusive representative, or any other person or organization aggrieved by an unfair labor practice as defined in sections 179.61 to 179.77 may bring an action in district court of the county wherein the practice is alleged to have occurred before the board for injunctive relief and for damages caused by such the unfair labor practice.

Sec. 69. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.681] [PREVENTION OF UNFAIR LABOR PRACTICES.] *Subdivision 1. Any allegation concerning an unfair labor practice shall be submitted to the board for a determination and remedy as provided in this section.*

Subd. 2. Upon the filing with the board by any party in interest of a complaint in writing, on a form provided by the board, charging any person with engaging in or having engaged in any specific unfair labor practice, the complainant shall provide by registered mail or personal service a copy of the complaint to all other parties in interest. Any other person claiming interest in the dispute or controversy, as an employer, an employee, or their representative, may be made a party upon application. The board may bring in additional parties by service of a copy of the complaint. Only one complaint shall issue against a person with respect to a single controversy, but a complaint may be amended in the discretion of the board at any time prior to the issuance of a final order based on the complaint. The person against whom the complaint is made may file an answer to the original or amended complaint and may appear in person or otherwise and give testimony at the place and time fixed in the notice of hearing. If the board decides that the complaint is without merit, it shall issue an order to that effect. If the board decides that the complaint may have merit, the board shall fix a time for the hearing, which shall not be less than ten nor more than 40 days after the filing of the complaint, except as otherwise provided in section 179.64, subdivision 5. Notice shall be given to each interested party by personal service or by mailing a copy to him at his last known post-office address at least ten days before the hearing. No complaint may be acted on by the

board concerning an unfair labor practice committed more than six months prior to the filing of the complaint unless the board for good cause waives the time limitation.

Subd. 3. The board may issue subpoenas, administer oaths, and take and provide for the taking of depositions. Any person who willfully and unlawfully fails or neglects to appear, testify or produce books, papers, and records as required, shall, upon application to a district court, be ordered to appear before the board to testify or produce evidence if so ordered. Failure to obey the order of the court may be punished as civil contempt. Each witness appearing before the board or before a hearing examiner holding a hearing on behalf of the board shall be paid by the party requesting the witness in the amount and manner specified in section 357.22 unless the board determines that the witness is a public official who is appearing in the regular and normal course of his official duties and who is reimbursed by his employer in whole or in part for expenses necessitated by his appearance. A full and complete record of all proceedings before the board shall be kept in the manner most practical and most economical as determined by the board. The board may admit and give probative effect to evidence which possesses probative value commonly accepted by reasonable, prudent men in the conduct of their affairs. They shall give effect to the rules of privilege recognized by law. They may exclude incompetent, irrelevant, immaterial and repetitious evidence. Compliance with the technical rules of pleading before courts need not be required by the board.

Subd. 4. If the board cannot expeditiously hold a hearing on a complaint filed with the board, the board may request the chief hearing officer of the state office of hearing examiners to assign a hearing officer to hold a hearing on the complaint on behalf of the board. After an assignment is made the hearing officer shall notify the parties of the time and place of the hearing, conduct the hearings in a fair and impartial manner, and following the hearing, issue a report to the board stating his findings of fact, his conclusions, and, if proper, his recommendations for a remedy. The board shall then consider the report of the hearing examiner and may adopt, modify, or reject the report. The board may base its decision on a review of the record made by the hearing examiner, or it may, if necessary, choose to rehear the matter in whole or in part before issuing its decision.

Subd. 5. If upon the preponderance of the testimony taken the board is of the opinion that any person named in the complaint has engaged in or is engaging in an unfair labor practice, then it shall state its findings of fact and shall issue and cause to be served on the person an order requiring him to cease and desist from the unfair labor practice, and to take affirmative action, including, but not limited to, reinstatement of employees with or without back pay, as will effectuate the policies of the public employment labor relations act. If upon the preponderance of the testimony taken the board is not of the opinion that the person named in the complaint has engaged in or is engaging in an unfair labor practice, then the board shall state its findings of fact and

shall issue an order dismissing the complaint. The board may as part of its final order, in cases where it deems it appropriate, require a person found to have committed an unfair labor practice to reimburse the prevailing party for reasonable costs incurred in conjunction with the filing and hearing of the complaint.

Subd. 6. If, after 30 days following the issuance of its order, the board finds that the order has not been complied with, the board or the prevailing complainant may petition the district court of the county wherein the unfair labor practice was or is being committed for an injunction against further disobedience of its order. The injunction shall be granted unless the party against whom the board's order was directed can show that it has initiated appeals proceedings under subdivision 7, in which case, the injunction shall still be granted unless the court finds substantial reasons for denying the injunction.

Subd. 7. A party in interest may within 30 days of the issuance of an order have the order reviewed by the supreme court on certiorari upon the grounds provided in section 15.0425.

No objection that has not been urged before the board shall be considered by the court, unless the failure or neglect to urge the objection is excused because of extraordinary circumstances. The findings of the board with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive. If either party applies to the court for leave to adduce additional evidence and shows to the satisfaction of the court that the additional evidence is material and that there were reasonable grounds for the failure to adduce the evidence in the hearing before the board, the court may order the evidence to be taken before the board and to be made a part of the record. The board may modify its findings as to the facts, or make new findings, by reason of additional evidence taken and filed. The board shall file the modified or new findings, which findings with respect to questions of fact if supported by substantial evidence on the record considered as a whole shall be conclusive. The board shall file its recommendations, if any, for the modification or setting aside of its original order. On review of any board order the supreme court may reverse, affirm, or modify the order and enter such judgment as it deems just and proper. Where necessary the supreme court may remand the cause to the board for a new hearing or for further proceedings with directions.

Subd. 8. Until the record in a case is filed in a court, as hereinafter provided, the board may at any time, upon reasonable notice and in a manner it deems proper, modify or set aside, in whole or in part, any finding or order made or issued by it.

Sec. 70. Minnesota Statutes 1978, Section 179.72, is amended to read:

179.72 [PUBLIC EMPLOYMENT RELATIONS BOARD; POWERS AND DUTIES; ARBITRATION.] Subdivision 1. There is hereby established a public employment relations board with the powers and duties assigned to it by this section. The board shall consist of ~~five~~ three members appointed by the governor of the

state of Minnesota with the advice and consent of the senate. Two members shall be representative of public employees; two shall be representative of public employers; and one shall be representative of the public at large. Public employers and employee organizations representing public employees may submit for consideration names of persons representing their interests to serve as members of the board. Board members shall devote the equivalent of full time service to the board and shall refrain from political activity or other activity incompatible with their board duties during the term of their appointment. Board members shall not be selected on the basis of their affiliation with or representation of any group or special interest, but shall be selected because of experience and proficiency in the practice and laws of labor relations and because of an ability to render knowledgeable, impartial decisions in matters before the board. Members shall be appointed for a term of six years, each term beginning on July 1, of an even numbered year. One initial appointment shall be for two years, and one initial appointment shall be for four years. Members shall hold office until their successors are appointed and qualified and vacancies shall be filled by the governor of the state of Minnesota for the unexpired term. The board governor shall select one of its members to serve as chairman for a term beginning May 1 each year. The director of mediation services shall provide secretarial and administrative services to the board.

Subd. 2. The board shall adopt its own rules governing its procedures and shall hold regular and special meetings as are prescribed in such rules. The chairman shall preside at meetings of the board. The chairman may designate one or more of the board members, individually, to perform certain acts on behalf of the board. The chairman shall have the responsibility for scheduling hearings, assigning the writing of opinions, hiring employees, and he shall be the chief administrative officer of the board.

Subd. 3. In addition to the other powers and duties given it by law, the board has the following powers and duties:

(a) to hear and decide issues relating to the meaning of the terms "supervisory employee", "confidential employee", "essential employee" or "professional employee", as defined by section 179.63;

(b) to hear and decide appeals from determinations of the director relating to the appropriateness of a unit under section 179.67;

(c) to approve or disapprove the rules and regulations promulgated by the director under section 179.71, subdivision 5, clause (g);

(d) to hear and decide on the record from determinations of the director relating to a fair share fee challenge decided under section 179.71, subdivision 2 ; and

(e) to render and enforce decisions in unfair labor practice cases as specified in sections 179.64, 179.67, 179.68, and section 69 .

Subd. 4. The board shall adopt rules pursuant to chapter 15 governing the presentation of issues relating to matters included in subdivision 3; and the taking of such appeals. All issues and appeals from a determination of the director presented to the board shall be determined upon the record established by the director of mediation, except that the board at its discretion may request additional evidence when necessary or helpful. *The board may employ persons as are necessary for the efficient performance of its functions. The board shall keep and file in a logical manner all its orders and decisions, which file shall be available for use by the public. The board shall in January of each odd numbered year issue a report on its activities to the governor and the legislature. The report may also contain recommendations for legislative action in the field of labor relations.*

Subd. 5. The board shall maintain a list of names of arbitrators qualified by experience and training in the field of labor management negotiations and arbitration. Names on the list may be selected and removed at any time by a majority of the board. In maintaining the list of such persons the board shall, to the maximum extent possible, select persons from varying geographical areas of the state.

Subd. 6. When final positions are certified to the board as provided in section 179.69, subdivision 3, or submitted to the board as provided in section 179.69, subdivision 5, the board shall constitute an arbitration panel as follows:

The parties shall, under the direction of the chairman of the board, alternately strike names from a list of seven arbitrators until only three names remain, which three members shall be members of the panel; provided, however, that if either party requests the parties shall select a single arbitrator to hear the dispute. If the parties are unable to agree on who shall strike the first name, the question shall be decided by the flip of a coin. In submitting names of arbitrators to the parties the board shall endeavor whenever possible to include names of persons from the general geographical area in which the public employer is located. The panel shall assume and have jurisdiction over the items of dispute certified to the board for which the panel was constituted. The panel's orders shall be issued upon a majority vote of members considering a given dispute. The members of the panel shall be paid their actual and necessary traveling and other expenses incurred in the performance of their duties plus a per diem allowance of \$180 for each day or part thereof while engaged in the consideration of a dispute. All fees, expenses and costs of the panel shall be shared and assessed equally to the parties to the dispute. In those cases where a single arbitrator is hearing a dispute, the fees, expenses and costs of the arbitrator shall also be shared and assessed equally by the parties to the dispute.

Subd. 7. The arbitration panel or arbitrator selected by the parties shall resolve the issues in dispute between the parties as submitted by the board, and the panel's decision and order shall be final and binding upon the parties. Provided, however, that no

decision of the panel which violates any provision of the laws of Minnesota or rules or regulations promulgated thereunder or municipal charters or ordinances or resolutions enacted pursuant thereto, or which causes a penalty to be incurred thereunder, shall have any force or effect. In considering a dispute and issuing its order the panel shall give due consideration to the statutory rights and obligations of public employers to efficiently manage and conduct its operations within the legal limitations surrounding the financing of such operations. The panel's orders shall be issued by a majority vote of its members considering a given the dispute. The panel shall have no jurisdiction over nor authority to entertain any matter or issue not within the definition stated in section 179.63, subdivision 18; provided, however, items not within terms and conditions of employment may be included in an arbitration decision if such items are contained in the employer's final position. Any issue or order or part thereof issued by the panel determining any matter not included under section 179.63, subdivision 18 or the employer's final position shall be void and of no effect. The panel shall render its decision within ten days from the date that all arbitration proceedings have been concluded, but in any event must issue its order by the last date the employer is required by statute, charter, ordinance or resolution to submit its tax levy or budget or certify its taxes voted to the appropriate public officer, agency, public body or office, or by November 1, whichever date is earlier. The panel's order shall be for such period as the panel shall direct, except that orders determining contracts for teacher units shall be effective to the end of the contract period as determined by section 179.70, subdivision 1.

Subd. 8. Notwithstanding the provisions of subdivision 7, for employees of the executive branch of the state of Minnesota, the panel shall be restricted to selecting between the final offers on each impasse item submitted by the parties to the panel.

Sec. 71. Minnesota Statutes 1978, Section 179.74, Subdivision 4, is amended to read:

Subd. 4. The commissioner of personnel shall meet and negotiate with the exclusive representative of appropriate units in the manner prescribed by sections 179.61 to 179.77; provided, however, that the director of mediation services shall define appropriate units of state employees as all the employees under the same appointing authority except where professional, geographical or other considerations affecting employment relations clearly require appropriate units of some other composition. The positions and classes of positions in the classified and unclassified services defined as managerial by the commissioner of personnel in accordance with the provisions of section 43.326 and so designated in the official state compensation schedules, all unclassified positions in the state university system and the community college system defined as managerial by their respective boards, all positions in the bureau of mediation services, all hearing examiners in the office of hearing examiners, employees who work in the personnel offices of an appointing authority in the executive branch and who have access to information subject to use by

the appointing authority in meeting and negotiating or who actively participate in the meeting and negotiating on behalf of the state employees, shall be excluded from any appropriate unit. Regardless of unit determination, the governor may upon the unanimous written request of exclusive representatives of units and appointing authorities direct that negotiations be conducted for one or more appointing authorities in a common proceeding.

Sec. 72. Minnesota Statutes 1978, Section 179.74, Subdivision 5, is amended to read:

Subd. 5. The commissioner of personnel is authorized to and may enter into agreements. The provisions of ~~said the negotiated agreements which establish wages and economic fringe benefits and arbitration awards~~ shall be submitted to the legislature to be accepted, or rejected or modified. A state employee whose exclusive representative, as defined by section 179.63, subdivision 6, has not ~~executed an~~ reached a proposed agreement with the state ~~covering wages and economic fringe benefits which has been submitted by the commissioner to the legislative commission on employee relations~~ on or before ~~May~~ April 15 of each an odd numbered year, shall not receive the wage and economic fringe benefit increases provided pursuant to an agreement executed and approved under this subdivision. ~~Disapproval by the legislative commission on employee relations pursuant to section 2 or failure of the legislature to approve an agreement with respect to wages and economic fringe benefits by the time of adjournment of the regular legislative session in an odd numbered year shall be a defense to a violation of section 179.64.~~

Sec. 73. Minnesota Statutes 1978, Section 223.02, is amended to read:

223.02 [LICENSE; BOND.] No person shall sell, or receive, or solicit shipments of such commodities for sale, without first obtaining a license from the department of ~~public service agriculture~~ to carry on the business of a commission merchant, and filing with the department a corporate surety bond to the state for the benefit of such consignors, approved by the department, and conditioned for the faithful discharge of his duties as such commission merchant and full compliance with all the laws of the state and rules of the department relative thereto. If the license authorizes the sale of grain the bond shall not be for a less sum than \$25,000 for each separate municipality in which the commission merchant maintains an office for the conduct of such business. If the license only authorizes the sale of hay and straw the bond shall be not less than \$8,000. In either case the department may at any time require such an additional amount of bond as it may deem necessary to protect the consignors.

Sec. 74. Minnesota Statutes 1978, Section 229.01, Subdivision 2, is amended to read:

Subd. 2. [PUBLIC HAY TRACKS.] The department of *public service agriculture* shall designate at convenient places on the several lines of railway entering terminal points in this state, tracks to be known as public hay tracks. The different railway companies either separately or jointly are hereby required to provide suitable tracks to meet the requirements of this chapter. Such public hay tracks may be established on each individual line of railway, or they may be so established as to serve for two or more railways.

Sec. 75. Minnesota Statutes 1978, Section 229.07, is amended to read:

229.07 [WEIGHERS AND INSPECTORS; APPEALS; REINSPECTION AND FINAL REVIEW.] The department of *public service agriculture* shall appoint a suitable number of persons to perform such weighing and inspecting of hay and straw. Such weighers and inspectors shall be under the immediate supervision of the department. In case of dissatisfaction of any interested person with the official acts of any inspector, reinspection may be had upon application to the department. A final appeal from the decision of the department may be made to the board of final review, to be provided for by the department under the rules it shall establish. The decision of such board of review shall be final, provided the department may provide suitable rules for the cancellation of any certificate of inspection issued upon original inspection, reinspection or upon final review when it appears that owing to the manner in which cars of hay or straw were loaded it was impossible for the inspector to obtain a fair sample.

Sec. 76. Minnesota Statutes 1978, Section 231.01, Subdivision 1, is amended to read:

231.01 [DEFINITIONS.] Subdivision 1. [DEPARTMENT.] The word "department," as used in this chapter, means the Minnesota state department of *public service agriculture*.

Sec. 77. Minnesota Statutes 1978, Section 231.01, Subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] The term "commissioner," as used in this chapter, means ~~one of the members of the commission~~ *commissioner of agriculture*.

Sec. 78. Minnesota Statutes 1978, Section 232.01, Subdivision 1, is amended to read:

232.01 [LOCAL GRAIN WAREHOUSES.] Subdivision 1. All elevators, flour, cereal and feed mills, malhouses or warehouses in which grain belonging to persons other than the warehouseman is received for storage, situate at any location other than Minneapolis, St. Paul or Duluth, shall be known as public local grain warehouses and shall be under the supervision and subject to the inspection of the department of *public service agriculture*. Provided, however, that nothing herein contained shall be construed as applying to public terminal warehouses as defined in section 233.01, subdivision 3.

Sec. 79. Minnesota Statutes 1978, Section 233.01, Subdivision 1, is amended to read:

233.01 [DEFINITIONS.] Subdivision 1. [DEPARTMENT.] Wherever the term "department" is used in this chapter it shall be construed to mean the department of *public service agriculture* of the state of Minnesota.

Sec. 80. Minnesota Statutes 1978, Section 233.03, is amended to read:

233.03 [DUTIES OF WAREHOUSEMEN.] Every warehouseman shall receive for storage and shipment as far as the capacity of his warehouse will permit, all grain in suitable condition for storage, tendered him in the usual course of business, without discrimination of any kind. All grain shall be inspected on receipt and stored with other grain of the same grade except as herein otherwise provided. At the time of the receipt of the grain, the warehouseman shall issue and deliver to the owner or consignee a warehouse receipt in the following form:

Warehouse Receipt No.

..... Elevator Co.

....., Minn., 19.....

The Elevator Company has received in store in its elevator known as situated at

Minnesota, for storage from owner,

..... bushels of

..... which has been duly inspected by a duly authorized inspector of grain appointed by the department of *public service agriculture* of Minnesota, or licensed by the Secretary of Agriculture of the United States, and has been graded by the inspector as No..... and is that grade. This grain, or an equal amount of grain of the same kind and grade, is deliverable upon the return of this receipt properly endorsed by the owner above named and the payment of all lawful charges; in case of grain stored separately in a special bin, at the request of the owner or consignee, the identity of such grain will be preserved while in store and the grain will be delivered as such separate lot or parcel, in accordance with the law, upon surrender of the receipt. Loss by fire, heating or the elements is at the owner's risk.

Countersigned by

.....

Secretary

The Elevator Company conducts this elevator as a public terminal warehouse and receives and stores therein grain of others for hire.

..... bushels grade.

By.....

STUB RECORD

				Initial Car No.	Bushels
Receipt No.	19		
Received in store from				
Bushels	Lbs.	Grade
Car No.	Bushels	Car No.	Bushels		

The receipts shall be consecutively numbered and delivered to the owner immediately upon receipt of each lot or parcel of grain, giving the true and correct grade and weight thereof. The manner of receipt of such grain shall be stated in the receipt, and with the number and distinctive mark of each car, and the name of each barge or other vessel. The failure to issue such receipt as directed or the issuance of any warehouse receipt differing in form or language from that prescribed shall be a misdemeanor; provided that such warehouse receipt at the request of the owner or consignee, may provide for delivery of the grain represented thereby to the depositor, or any other specified person, and may have printed or stamped thereon the words "non-negotiable."

Sec. 81. Minnesota Statutes 1978, Section 234.02, is amended to read:

234.02 [CONSTRUCTION OF TERMS.] As used in this chapter, unless the context clearly evidences a contrary intention, the following terms shall be construed, respectively:

- (1) Any local supervisory board of individual producers appointed by the department of ~~public service~~ *agriculture* under the provisions of this chapter;
- (2) Any person whose duty it shall be under the provisions of this chapter to inspect, measure, and seal any granary, crib, bin, or other receptacle for the storage of grain;
- (3) Any certificate or receipt evidencing the storage of grain under the provisions of this chapter and any rules or regulations promulgated thereunder shall be considered to be used herein in the same connection as the words "document of title," as defined in the uniform commercial code, section 336.1-201(15);
- (4) Any person or persons (whether individuals, corporations, partners or copartners) who shall have title to and possession of any grain stored under the provisions of this chapter shall be construed to have been used herein in the same connection as the word "warehouseman," as defined in the uniform commercial code, section 336.7-102(1) (h).

Sec. 82. Minnesota Statutes 1978, Section 234.10, is amended to read:

234.10 [SEALS.] Seals employed hereunder shall be furnished by the department and shall contain the following language:

"Sealed by authority State of Minnesota, Department of ~~Public Service~~ *Agriculture*.

Any person tampering with this seal or removing any grain herein shall be subject to a fine and imprisonment as provided by law.

Consecutive No.”

Sec. 83. Minnesota Statutes 1978, Section 235.01, is amended to read:

235.01 [SUPERVISION OVER GRAIN.] The department of *public service agriculture* shall exercise general supervision over the grain interests of the state and of buying, selling, handling, and storage of grain, and of the management of public warehouses and public grain markets, including chambers of commerce, boards of trade, and grain exchanges; investigate, on complaint or upon its own motion, all cases of fraud and injustice in the grain trade, unfair practices, or unfair discrimination in the buying or selling of grain; have the power to compel the discontinuance of such unfair practices or unfair discrimination; and make all proper rules and regulations for carrying out and enforcing the provisions of all laws of the state relating to such subjects.

Sec. 84. Minnesota Statutes 1978, Section 236.01, Subdivision 5. is amended to read:

Subd. 5. “Department” means the Minnesota department of *public service agriculture*.

Sec. 85. Minnesota Statutes 1978, Section 299D.03, Subdivision 2. is amended to read:

Subd. 2. [SALARIES.] (1) Each employee other than the chief supervisor, lieutenant colonel, majors, captains, corporals and sergeants hereinafter designated shall be known as patrol troopers.

(2) There may be appointed one lieutenant colonel; and such majors, captains, corporals, sergeants and troopers as the commissioner deems necessary to carry out the duties and functions of the highway patrol. Persons in above named positions shall be appointed by law and have such duties as the commissioner may direct and, except for troopers, shall be selected from the patrol troopers, corporals, sergeants, captains, and majors who shall have had at least five years' experience as either patrol troopers, corporals, sergeants, or supervisors.

(3) Commencing July 4, 1977 July 4, 1979, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

TOTAL YEARS OF SERVICE					
	Base Salary	6 Months	1 Year	2 Years	3 Years
Trooper	\$1075	1117	1163	1209	1257
	\$1157	1199	1295	1343	1404

TOTAL YEARS OF SERVICE—CONTINUED

	4 thru 6 Years	7 thru 11 Years	12 thru 20 Years	After 20 Years			
Trooper	\$1308 \$1474	1359 1528	1413 1585	1470 1646			
	5 thru 11 Years	12 thru 20 Years	After 20 Years				
Trooper I	\$1359 \$1528	1413 1585	1470 1646				
		10 thru 20 Years	After 20 Years				
Corporal		\$1438 \$1610	1495 1670				
Staff Sergeant		Years					
	7	8	9	10	11	12 thru 20	After 20
	\$1442	1471	1500	1531	1561	1590	1648
	\$1616	1646	1677	1710	1742	1773	1834

TIME IN RANK

	Base Salary	1 Year	2 Years	After 12 Years total Service	After 20 Years total Service
Captain	\$1720 \$1911	1778 1971	1835 2032	1892 2091	1945 2149
Major	1979 2184	2035 2245		2093 2305	2150 2366
Lt. Col.	2179	2236		2294	2350

Commencing July 2, 1980, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

TOTAL YEARS OF SERVICE

	Base Salary	6 Months	1 Year	2 Years	3 Years		
Trooper	\$1227	1270	1373	1423	1488		
	4 thru 6 Years	7 thru 11 Years	12 thru 20 Years	After 20 Years			
Trooper	\$1563	1620	1681	1745			
	5 thru 11 Years	12 thru 20 Years	After 20 Years				
Trooper I	\$1620	1681	1745				
		10 thru 20 Years	After 20 Years				
Corporal		\$1707	1771				
Staff Sergeant		Years					
	7	8	9	10	11	12 thru 20	After 20
	\$1714	1745	1778	1813	1846	1879	1944

TIME IN RANK

	<i>Base Salary</i>	<i>1 Year</i>	<i>2 Years</i>	<i>After 12 Years Total Service</i>	<i>After 20 Years Total Service</i>
<i>Captain</i>	\$2025	2090	2154	2217	2278
<i>Major</i>	\$2314	2379		2445	2509

Employees designated as station sergeants shall receive an additional three percent above the current rate rounded to the nearest dollar for the duration of the appointment. Employees permanently assigned exclusively to Twin City metropolitan freeway duty shall be designated freeway troopers and shall be compensated \$25 per month above their current salary when so assigned. Salary increases in accordance with the above schedule shall become effective for the payroll period nearest the employee's anniversary date of employment.

In addition to the rates of pay provided above, all employees compensated according to the above salary table shall be paid a cost of living allowance to be determined and redetermined in the following manner:

For each full four-tenths point increase in the consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, Minnesota (new series index 1967-100) as published for the months January, 1977, and October, 1977, by the Bureau of Labor Statistics of the United States Department of Labor all hourly rates of pay shall be increased by one cent per hour. The increases, if any, in salaries generated by this formula shall become effective January 4, 1978, and shall continue in effect until July 5, 1978. A redetermination of the cost of living allowance shall be made for April, 1978. For each full four-tenths point increase in the consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, (new series index 1967-100) as published for the months of January, 1977, and April, 1978, by the Bureau of Labor Statistics, all hourly rates of pay shall be increased by one cent per hour. The increase, if any, in salaries generated by this redetermination shall be effective July 5, 1978. For the purpose of this clause, the term "hourly rate of pay" means the monthly salary of a rank set forth herein divided by 174.

During periods when such cost of living allowance is in effect, it shall be added to the applicable monthly rates of pay for highway patrol trooper, corporal, sergeant, captain, major and lieutenant colonel, and treated as a part thereof in all calculations involving employees' pay. Cost of living adjustments are not cumulative and allowances paid under an earlier determination shall cease when a redetermination takes effect.

The commissioner of finance shall transfer to the department of public safety the necessary amount to finance the increased cost of the cost of living provisions of this clause. This amount is appropriated from the trunk highway fund to the department of public safety for this purpose.

(4) Upon promotion, the person will be paid at the base salary rate of pay in effect for that rank, and shall subsequently be eligible for the time in rank increases calculated from the effective date of promotion.

(5) Any time in rank increases in salary provided for in the tables in clause (3), shall be effective for the payroll period nearest the employee's anniversary date of employment.

The salary rates for all highway patrol troopers, corporals and sergeants as cited in clause (3) shall be deemed to include reimbursement for shift differential, meal and business expenses incurred by highway patrol troopers, corporals and sergeants in the performance of their assigned duties in their patrol areas; business expenses include, but are not limited to: uniform costs, home garaging of squad cars and maintenance of home office.

Sec. 86. Minnesota Statutes 1978, Section 299D.03, Subdivision 3, is amended to read:

Subd. 3. [AIR PATROL; SALARY ADJUSTMENT.] The commissioner of public safety shall increase the salary of any member of the Minnesota highway patrol in an amount not to exceed \$140 per month for operation of fixed wing aircraft and \$175 per month for operation of helicopter during the period in which such member of the patrol is assigned air patrol duty. The commissioner of public safety may appoint, from among the members of the patrol assigned to air patrol duty, a chief pilot who shall receive \$125 per month in addition to the air patrol duty salary differential permitted by this subdivision, be compensated at the same rate of pay as a captain during the period of his assignment as chief pilot.

Sec. 87. Minnesota Statutes 1978, Section 299D.03, Subdivision 9, is amended to read:

Subd. 9. [CHARGES AGAINST PATROLMEN.] (a) Charges against any state highway patrolman shall be made in writing and signed and sworn to by the person making the same, which written charges shall be filed with the commissioner. Upon the filing of same, if the commissioner shall be of the opinion that such charges constitute a ground for suspension, demotion, or discharge, he shall order a hearing to be had thereon and fix a time for such hearing and may designate a subordinate as his deputy to conduct such hearing. Otherwise he shall dismiss the charges. At least ten days before the time appointed for the hearing, written notice specifying the charges filed and stating the name of the person making the charges, shall be served on the employee personally or by leaving a copy thereof at his usual place of abode with some person of suitable age and discretion then residing therein. If the commissioner orders a hearing he may suspend such employee pending his decision to be made after such hearing.

(b) The exclusive representative of Members of the state highway patrol shall have the option of utilizing either the contractual grievance procedure or the legal remedies of this section, but in no event both. Notwithstanding the above, any employee may utilize the provisions of subdivisions 10 and 11.

(c) The commissioner, after having been informed by the exclusive representative that the employee against whom charges have been filed desires to utilize the grievance procedure of the labor agreement, may immediately suspend, demote or discharge the employee without the hearing required by clause (a).

Sec. 88. Minnesota Statutes 1978, Section 355.12, is amended to read:

355.12 [AGREEMENTS.] The state agency, ~~with the approval of the governor,~~ is hereby authorized to enter into an agreement with the secretary of health, education, and welfare, or to modify any such agreement previously made to obtain the benefits of the federal old age survivors insurance system in respect to services performed by employees of any employing unit.

Sec. 89. Minnesota Statutes 1978, Section 355.17, is amended to read:

355.17 [MODIFICATION OF AGREEMENT, RETROACTIVE EFFECT.] Employing units may individually determine whether they desire inclusion in the state social security agreement, and each employing unit desiring such inclusion shall so indicate by submitting a formal resolution to the state agency, including therein the desired starting date for social security coverage. The state agency, ~~with the approval of the governor,~~ may modify the agreement between the state and the secretary of health, education and welfare with respect to employees of any such employing unit, separately, so as to provide social security coverage therefor retroactive to any date subsequent to December 31, 1955.

Sec. 90. Minnesota Statutes 1978, Section 355.207, is amended to read:

355.207 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.206, the state agency, ~~with the approval of the governor,~~ shall be authorized after June 30, 1978, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to teachers. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 91. Minnesota Statutes 1978, Section 355.23, Subdivision 3, is amended to read:

Subd. 3. Upon such certification, the state agency, ~~with the approval of the governor,~~ shall become authorized to modify the agreement with the secretary of health, education and welfare, previously made as provided in the enabling act, to obtain the benefits of the federal old age and survivors insurance system in respect to services performed by teachers as defined in sections 355.21 to 355.27. Such modification may take effect retroactively to January 1 of the year in which the modification of the agreement is accepted by the secretary of health, education and welfare, and apply to all such services performed after the effective date by teachers who are such on the date the modification is entered

into or thereafter, excepting any service of an emergency nature, any service performed by a student, and all services in any class or classes of part-time positions, or positions the compensation for which is on a fee basis.

Sec. 92. Minnesota Statutes 1978, Section 355.286, is amended to read:

355.286 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.285, the state agency ; ~~with the approval of the governor,~~ shall be authorized after June 30, 1978, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to teachers. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 93. Minnesota Statutes 1978, Section 355.295, is amended to read:

355.295 [STATE-FEDERAL AGREEMENT.] Upon such certification as provided herein the state agency ~~or individual so designated with the approval of the governor~~ shall be authorized to enter into an agreement with the secretary of health, education and welfare or modify any such agreement previously made with respect to the employment by public employees. The agreement or modification authorized hereunder shall take effect retroactively and apply to all employment performed after the last day of the fifth calendar year preceding the year in which the agreement or modification is entered into by the employees who are such on the effective date of the agreement or modification. The agreement or modification shall further include within its application, effective with the date of entry into service as public employees, all employment of such public employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the effective date thereof.

The agreement shall not include employment of any public employee who performs service in (a) any position the compensation for which is on a fee basis, (b) any position performing services which, under the social security act, may not be included in any agreement between the state and secretary of health, education and welfare, (c) any position which is an elective office of the state, and (d) any position in a public hospital for which employees are provided coverage under the old age, survivors, and disability insurance provisions of Title II of the Federal Social Security Act under another provision of law. This section applies only to hospitals in existence prior to July 1, 1971.

Sec. 94. Minnesota Statutes 1978, Section 355.308, is amended to read:

355.308 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.307, the state agency ; ~~with the approval of the governor,~~ shall be authorized after June 30, 1978, to enter into an agreement with the secretary of

health, education, and welfare, or modify any such agreement previously made with respect to municipal employees. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 95. Minnesota Statutes 1978, Section 355.45, is amended to read:

355.45 [STATE AGENCY TO MAKE AGREEMENT WITH SECRETARY OF HEALTH, EDUCATION AND WELFARE.] Upon such certification the state agency, ~~with the approval of the governor,~~ shall be authorized to enter into an agreement with the secretary of health, education and welfare, or modify any such agreement previously made with respect to employment by state employees, public employees, and educational employees. The agreement or modifications shall take effect retroactively and apply to all such employment performed after December 31, 1955, by the employees who are such on that date, and shall include within its application effective with the date of entry into state, public or educational service, all employment by such employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the approval date thereof.

Sec. 96. Minnesota Statutes 1978, Section 355.60, is amended to read:

355.60 [AGREEMENTS WITH FEDERAL AGENCY.] Upon such certification the state agency, ~~with the approval of the governor,~~ shall be authorized to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to employment by educational employees. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 97. Minnesota Statutes 1978, Section 355.76, is amended to read:

355.76 [STATE-FEDERAL AGREEMENT.] Upon such certification the state agency ~~or individual so designated,~~ ~~with the approval of the governor,~~ shall be authorized to enter into an agreement with the secretary of health, education, and welfare or modify any such agreement previously made with respect to the employment by state employees, public employees, and educational employees. The agreement or modification authorized hereunder shall take effect retroactively and apply to all employment performed after December 31 of the year prior to the date of the agreement or modification, by the employees who are such on that date and shall include within its application, effective with the date of entry into service as a hospital employee, all employment by such hospital employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the approval date thereof. The agreement under sections 355.71 to 355.81 shall not apply to services in positions the compensation for which is on a fee basis."

Page 21, after line 6, insert:

“Sec. 99. Employees who are represented by the international union of operating engineers, local No. 49, and who are employed by the department of transportation and assigned to the central office and districts 5 and 9, shall, in addition to the salaries provided by Minnesota Statutes, Section 43.12, receive a supplemental adjustment of 12 cents per hour.

Sec. 100. The one percent differential established by Laws 1977, Chapter 452, Section 30, for the classes crime laboratory analyst 1, 2, and 3 and identification officer shall continue in effect for the period July 4, 1979, to July 1, 1981.

Notwithstanding Minnesota Statutes, Section 43.12, Subdivision 14, effective July 2, 1980, one additional step shall be added to the salary ranges for the classes crime laboratory analyst 2 and 3 and identification officer. An employee assigned to one of those classes shall be advanced in pay from his rate of pay immediately preceding that date to the next step within the salary range for his classification. The salary increases provided by this section are in addition to the salaries provided by Minnesota Statutes, Section 43.12.

Sec. 101. In lieu of a birthday holiday, employees in the classes crime investigator 1 and 2, crime laboratory analyst 1, 2, and 3, assistant identification officer and identification officer, and employees represented by the Minnesota government engineers council shall receive a one time lump sum payment in an amount equal to the employee's regular hourly rate of pay on July 4, 1979 times 16 hours.

Sec. 102. The commissioner of public safety is authorized to reimburse employees covered by the agreement with the bureau of criminal apprehension association of forensic scientists up to a maximum of \$100 a year for professional dues for job related organizations.

Sec. 103. Employees who are represented by the Minnesota teamsters public and law enforcement employees union, local No. 320, and who are employed by the department of administration, or by the department of public safety in the classes security guard, law compliance representative 1, or liquor control investigator specialist and headquartered in the Minneapolis-St. Paul metropolitan area, Rochester and Duluth, or by the state board for community colleges in the classes general maintenance worker or general repair worker and assigned to Anoka-Ramsey, Inver Hills, Lakewood, Metropolitan, Normandale or North Hennepin community college shall receive, in addition to the salaries provided by, Minnesota Statutes, Section 43.12, a supplemental travel allowance of \$20 per month. The commissioner of personnel may extend the supplemental travel allowance of \$20 per month to employees who are employed by the department of transportation in the class right-of-way agent and assigned to the central office and districts 1a, 5, 6a and 9.

Sec. 104. *In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of public safety, bureau of criminal apprehension, who are represented by the bureau of criminal apprehension agents association shall receive the following salary increases:*

(1) *Effective July 4, 1979, the salary rates and ranges for the classes crime investigators 1 and 2 shall be increased 5.3 percent over the salary rates and ranges in effect on July 3, 1979.*

(2) *Effective July 2, 1980, the salary rates and ranges for the classes crime investigator 1 and 2 shall be increased 3.8 percent over the salary rates and ranges in effect on July 1, 1980.*

Sec. 105. *In lieu of the salaries and cost of living adjustments provided by Minnesota Statutes, Section 43.12, Subdivisions 2, 3, and 10, employees of the departments of corrections and public welfare who are represented by the professional employee pharmacists of Minnesota shall receive the following salary increases:*

(1) *Effective July 4, 1979, the salary rates and ranges for the classes hospital pharmacist and hospital pharmacist senior shall be increased by 6.5 percent over the salary rates and ranges in effect on July 3, 1979.*

(2) *Effective July 2, 1980, the salary rates and ranges for the classes hospital pharmacist and hospital pharmacist senior shall be increased by 5 percent over the salary rates and ranges in effect on July 1, 1980.*

Sec. 106. *In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of transportation who are represented by the middle management association shall receive the following salary increases:*

(1) *Effective July 4, 1979, the salary rates and ranges for covered employees shall be increased by 13 percent over the salary rates and ranges in effect on July 7, 1977.*

(2) *Effective July 2, 1980, the salary rates and ranges for covered employees shall be increased 4.4 percent over the salary rates and ranges in effect on July 1, 1980.*

Sec. 107. *Notwithstanding the provisions of Minnesota Statutes, Section 43.50, for employees of the department of transportation who are represented by the middle management association, the department of transportation shall pay the full cost of dependent hospital-medical insurance coverage up to \$60 per month or the cost of the Blue Cross/Blue Shield premium attributable to dependent coverage, whichever is greater.*

Sec. 108. *In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of natural resources who are represented by the Minnesota conservation officers association shall receive the following salary increases:*

(1) *Effective July 4, 1979, the salary rates and ranges for the classes natural resources specialist (conservation officer) 1,*

2, 3, and 4 shall be increased 13 percent over the salary rates and ranges in effect on July 7, 1977.

(2) Effective July 2, 1980, the salary rates and ranges for the classes natural resources specialist (conservation officer) 1, 2, 3, and 4 shall be increased 4.4 percent over the rates and ranges in effect on July 1, 1980.

(3) In addition to the adjustments made by paragraphs (1) and (2), each covered employee shall receive an increase of seven cents per hour in lieu of a birthday holiday. The seven cents per hour shall not be included in the wage rate base for purposes of determining the 4.4 percent increase effective July 2, 1980.

(4) Vehicles purchased by the state for the official use of conservation officers shall be equipped pursuant to the terms of the agreement. Officers shall be supplied with flak jackets pursuant to the terms of the agreement.

Sec. 109. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, effective July 4, 1979, employees of the department of public welfare who are represented by the Minnesota nurses association shall receive the following salary increases:

(1) Covered employees who were paid at a rate of \$1,014 or \$1,051 per month on July 3, 1979 shall be paid at a rate of \$1,133 per month.

(2) The salary rates and ranges for all other covered employees shall be increased by six percent over the salary rates and ranges in effect on July 3, 1979.

In lieu of a birthday holiday covered employees shall receive one floating holiday per year.

Sec. 110. Employees who are represented by the Minnesota government engineers council and who are employed by the department of transportation in the classes radio engineer I, principal highway technician and principal engineering aide shall receive, in addition to the salaries provided by Minnesota Statutes, Section 43.12, a one time lump sum payment of \$438.

Sec. 111. Notwithstanding the provisions of Minnesota Statutes, Section 43.12, Subdivision 17, the severance pay provisions of the collective bargaining agreements with the Minnesota community college faculty association, the IFO/MEA, the Minnesota State University Association of Administrative and Service Faculty/Teamsters, the Minnesota highway patrol officers association and the Minnesota highway patrol supervisors association are approved.

Sec. 112. The commissioner of transportation is authorized to reimburse employees covered by the agreement with the Minnesota government engineers council up to a maximum of \$50 a year for professional dues for job related organizations.

Sec. 113. Effective July 2, 1980, employees of the departments of welfare and corrections who are represented by the association

of institutional dentists shall receive, in addition to the salaries provided by Minnesota Statutes, Section 43.12, a 35 cent per hour differential.

Sec. 114. Employees of the department of corrections who are represented by the Minnesota teamsters public and law enforcement employees, local No. 320, shall receive, in addition to the salaries and differentials provided by Minnesota Statutes, Section 43.12, the following salary adjustment:

(1) Employees in the classes correctional counselor 1, 2 and 3, shall receive a 6 cent per hour differential.

(2) Employees in the classes electrician, painter and plant maintenance engineer shall receive a 10 cent per hour differential.

(3) Effective July 2, 1980, the hourly rate of pay for employees in the classes delivery van driver and janitor, senior shall be increased by 2½ percent, rounded to the nearest cent.

(4) These employees shall receive the same bonus as that provided for in section 115.

Sec. 115. Any employee except an emergency, project or temporary employee who is represented by the American federation of state, county and municipal employees, Council No. 6, AFL-CIO, shall receive:

(1) a lump sum bonus of \$225 payable no later than July 31, 1979, provided he was employed prior to January 1, 1979 and was continuously employed through July 1, 1979.

(2) a lump sum bonus of \$225 payable no later than July 31, 1980, provided he was employed prior to January 1, 1980 and was continuously employed through July 1, 1980. However, intermittent employees and nontenured laborers who otherwise meet the employment requirements of this section shall only be eligible to receive the bonus after completion of 100 working days in any 12 month period. Part time employees who meet the employment requirements of this section shall receive a bonus of \$137.50 on each of the dates specified in this section."

Page 21, after line 11, insert:

"Sec. 117. Notwithstanding the provisions of section 179.74, subdivision 5, a state employee whose exclusive representative, as defined by section 179.63, subdivision 6, was unable to enter into an agreement with the state covering wages and economic fringe benefits on or before May 15, 1979, as a result of an order to cease and desist bargaining issued by the director of mediation services, shall receive the applicable wage and economic fringe benefit increases provided by this act.

Sec. 118. The duties, personnel complement of six persons, and appropriation involved in discharging the duties of the department of public service under Minnesota Statutes, Chapters 223, 229, 231, 232, 233, 234, 235, and 236 are transferred to the department of agriculture as of July 1, 1979. Nothing herein shall be construed

as abrogating or modifying any rights now enjoyed by affected employees under the terms of an agreement between an exclusive representative of public employees and the state or one of its appointing authorities.

Sec. 119. [PERSONNEL SYSTEM STUDY; APPROPRIATION.] *There is appropriated to the legislative commission on employee relations the sum of \$100,000 for the period ending July 1, 1981, to be used for a study of the state personnel system. A primary focus of the study will be the interrelationship of the civil service system with the public employment labor relations act, as that act applies to state employees. The goal of the study will be the preparation of a report for the legislature containing alternative recommendations by which improvements could be made in applicable laws, rules, structures and procedures. Specific areas to be studied include, but are not necessarily limited to, bargaining procedures, compensation, classification, work force size and turnover, and personnel administration. In performing this study, attention shall be given to methods for preserving and strengthening the role for collective bargaining in the system. Consideration shall also be given to past reports and studies dealing with the state's personnel system and to innovative improvements made in civil service systems by the federal government and other states. The study shall also examine state laws with respect to local civil service systems and local public employee labor negotiations.*

The commission shall study and report to the legislature, on or before November 15, 1980, as to its recommendations, including proposed legislation, with respect to (1) merit pay system, progression, and cost of living adjustments for state employees and (2) a mechanism for transferring the duty to negotiate with state employees on behalf of the state from the department of personnel to an independent office of state employee contract negotiations.

To the extent practicable, use shall be made of existing legislative staff and other resources. In the performance of this study, there shall be frequent consultation with persons and groups involved with or directly affected by the state civil service system. The heads of state agencies shall give their full cooperation in the performance of this study.

The final report of the study, together with any proposed statutory amendments, shall be submitted to the commission no later than November 15, 1980. Any recommendations of the study which will substantially affect the collective bargaining process leading to the 1981-1982 biennium shall be submitted no later than December 1, 1979.

Sec. 120. [UNCLASSIFIED SERVICE.] *The salary levels and ranges established in sections 15A.081, 15A.083, subdivisions 1, 2, and 4, and 43.126, subdivision 1 shall be increased by five percent on July 1, 1979. The adjusted salaries shall be increased by an additional seven percent on July 1, 1980. All increases shall be rounded off to the nearest \$10.*

Sec. 121. [REPEALER.] *Effective July 1, 1981, Minnesota Statutes 1978, Sections 43.03; 43.06; 43.062; 43.063; 43.064; 43.-*

065; 43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12; 43.121; 43.122; 43.126; 43.127; 43.128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.245; 43.321; 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 43.44; 43.45; 43.46; 43.48; 43.49; 43.50; and 43.51 are repealed. Section 73 of this act and section 179.72, subdivision 8, expire on July 1, 1981. Minnesota Statutes 1978, Section 179.72, Subdivision 1a, is repealed effective July 1, 1980.

Sec. 122. [APPROPRIATION.] Subdivision 1. There is appropriated to the legislative commission on employee relations the sum of \$..... for the period ending July 1, 1981, to be used for its general operating purposes.

Subd. 2. There is appropriated to the public employee relations board the sum of \$..... for the fiscal year beginning July 1, 1980."

Page 21, line 12, after "DATE.]" insert "Sections 2, 4, 8, 42, 47, 49, 56, 59, 60, 63, 64, 71 and 119 are effective upon final enactment. Sections 9, 61, 62, 65, 66, 68, 69, 70 and 72 are effective July 1, 1980. Sections 3, 5, 6 and 7 are effective July 1, 1981. The remaining provisions of" and delete "The Act is" and insert "this act are"

Page 21, line 13, after the period, insert "The changed jurisdiction of the board over unfair labor practices shall commence on July 1, 1980 and shall extend to all actions occurring on or after that date. The terms of all members of the board on the effective date of this act shall expire on July 1, 1980 and the terms of the new members appointed under section 70 shall commence on July 1, 1980. The salaries set forth in section 15A.081, subdivision 1 for members of the board shall not apply until July 1, 1980. The provisions of section 49 shall apply to all disciplinary actions taken on or after the effective date of section 31. The provisions of sections 99 to 117 shall expire on July 1, 1981. The provisions of section 115, clause (4) are rejected by the legislature and shall not be implemented."

Renumber the sections in sequence

Amend the title as follows:

Delete the title in its entirety and insert

"A bill for an act relating to state government; setting wage and fringe benefits to employees in the executive and judicial branches of state government; ratifying certain collective bargaining agreements; making changes in the state civil service and personnel laws; making changes in public employment labor relations law; changing the duties of the public employment relations board; creating a legislative commission on employee relations; providing for a study of state employment and labor relations practices; providing for attrition in state funded personnel positions; transferring certain duties from the public service commission to the department of agriculture; appropriating money; amending Minnesota Statutes 1978, Sections 15.041, Subdivision 2; 15A.081, Subdivision 1; 15A.13; 16A.123; 43.01, Subdivisions 10, 11, 14 and by adding a subdivision; 43.05, Subdivision 2;

43.055; 43.064; 43.067, Subdivision 3; 43.09, Subdivisions 2 and 2a; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 15, 16, 17, 23, 24, 25 and by adding subdivisions; 43.122, Subdivision 5; 43.127, Subdivision 6; 43.15, Subdivision 5; 43.17, Subdivisions 3 and 4a; 43.19; 43.20, Subdivisions 3 and 5; 43.227; 43.24; 43.32, Subdivision 4; 43.327, Subdivisions 2 and 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.47, Subdivision 2; 43.491, Subdivision 5; 43.50, Subdivision 1; 43.51; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.64, Subdivisions 5 and 7; 179.65, Subdivision 6; 179.66, Subdivision 1; 179.67, Subdivisions 3, 13 and by adding a subdivision; 179.68, Subdivision 1; 179.72; 179.74, Subdivisions 4 and 5; 223.02; 229.01, Subdivision 2; 229.07; 231.01, Subdivisions 1 and 2; 232.01, Subdivision 1; 233.01, Subdivision 1; 233.03; 234.02; 234.10; 235.01; 236.01, Subdivision 5; 299D.03, Subdivisions 2, 3 and 9; 355.12; 355.17; 355.207; 355.23, Subdivision 3; 355.286; 355.295; 355.308; 355.45; 355.60; 355.76; 645.44, Subdivision 5; Chapter 3, by adding a section; and Chapter 179, by adding a section; repealing Minnesota Statutes 1978, Sections 43.03; 43.06; 43.062; 43.063; 43.064; 43.065; 43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12; 43.121; 43.122; 43.126; 43.127; 43.128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.245; 43.321; 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 43.44; 43.45; 43.46; 43.48; 43.49; 43.50; 43.51; and 179.72, Subdivision 1a.”

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

Mr. Coleman moved the adoption of the foregoing committee report. The motion prevailed. Amendments adopted. Report adopted.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 1:30 o'clock p.m., Thursday, May 17, 1979. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FIFTY-SIXTH DAY

St. Paul, Minnesota, Thursday, May 17, 1979

The Senate met at 1:30 o'clock p.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Ashbach	Dieterich	Knutson	Pillsbury	Staples
Bang	Dunn	Laufenburger	Purfeerst	Stokowski
Benedict	Frederick	Lessard	Rued	Strand
Bernhagen	Gearty	McCutcheon	Schmitz	Stumpf
Brataas	Gunderson	Merriam	Setzepfandt	Ueland, A.
Chmielewski	Hanson	Nichols	Sieloff	Vega
Coleman	Johnson	Olhoff	Sikorski	Wegener
Davies	Knaak	Penny	Sillers	

The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. George C. Stierwald.

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

Anderson	Frederick	Knoll	Olson	Sillers
Ashbach	Gearty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessee
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoff	Sikorski	Willett

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Mr. Schrom was excused from the Session of today. Mr. Engler was excused from the Session of today until 2:30 o'clock p.m.

Mr. Kleinbaum was excused from the Session of today until 4:00 o'clock p.m. Mr. Menning was excused from the Session of today until 2:40 o'clock p.m.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Messrs. Luther, Willet, Spear and Ulland, J. introduced—

S. F. No. 1580: A bill for an act relating to solid waste pollution; requiring beverage containers to have certain refund values after a certain date; establishing and regulating local redemption centers; providing penalties.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Keefe, S. introduced—

S. F. No. 1581: A bill for an act relating to welfare; defining general assistance medical care; authorizing higher medical care payments for certain handicapped persons; establishing medical care assistance eligibility for persons with seasonal income; making various other changes in the general assistance program; amending Minnesota Statutes 1978, Sections 256D.01; 256D.02, Subdivisions 4, 10, 11, 12, and by adding a subdivision; 256D.03; 256D.04; 256D.05, Subdivision 1; 256D.06, Subdivision 1; 256D.07; 256D.08; 256D.09, Subdivision 1; 256D.11, Subdivisions 2, 3, 4, 5, 6, 7, 8 and 9; 256D.13, Subdivision 1; 256D.16; 256D.18, Subdivisions 2 and 4; repealing Minnesota Statutes 1978, Sections 256D.19; 256D.20; and 256D.21.

Referred to the Committee on Health, Welfare and Corrections.

Messrs. Dunn, Setzepfandt, Nelson, Engler and Penny introduced—

S. F. No. 1582: A bill for an act relating to agriculture; establishing a system for collection of disease incidence, morbidity and mortality; appropriating money.

Referred to the Committee on Agriculture and Natural Resources.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

May 17, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S. F. Nos. 276, 144, 1392, 708, 660 and 980.

Sincerely yours,
Albert H. Quie, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S. F. No. 333.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 16, 1979

Mr. President:

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

S. F. No. 808: A bill for an act relating to waters; redefining public waters; defining wetlands; providing new procedures for the determination of public waters and wetlands; reappropriating money; amending Minnesota Statutes 1978, Sections 105.37, by adding subdivisions; 105.38; 105.39, Subdivision 3; 105.391, Subdivisions 1 and 3, and by adding subdivisions; 105.392, Subdivisions 2 and 5; and 105.42, Subdivision 1; repealing Minnesota Statutes 1978, Sections 105.37, Subdivision 6; and 105.391, Subdivisions 2, and 4 to 8.

Senate File No. 808 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 16, 1979

Mr. Nichols moved that S. F. No. 808 be laid on the table. The motion prevailed.

Mr. President:

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

S. F. No. 1047: A bill for an act relating to workers' compensation; providing for settlement of claims; amending Minnesota Statutes 1978, Section 176.521, Subdivisions 1 and 2.

Senate File No. 1047 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 16, 1979

Mr. Pillsbury moved that the Senate do not concur in the amendments by the House to S. F. No. 1047 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

S. F. No. 1074: A bill for an act relating to elections; increasing compensation for presidential electors; amending Minnesota Statutes 1978, Section 204A.23.

Senate File No. 1074 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 16, 1979

Mr. Anderson moved that S. F. No. 1074 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 1510: A bill for an act relating to the organization and operation of state government; appropriating money for the general administrative and judicial expenses of state government with certain conditions; providing for the transfer of certain moneys in the state treasury; authorizing land acquisition in certain cases; fixing and limiting the amount of fees to be collected in certain cases; amending Minnesota Statutes 1978, Sections 4.12, by adding a subdivision; 4.26, Subdivision 1; 10.31; 16.02, by adding a subdivision; 16.97, Subdivision 1; 16A.126; 43.067, Subdivision 1; 85A.02, Subdivision 12; 116E.03, Subdivision 4; 179.04; 180.03, Subdivision 2; 197.16; 198.31; 299C.07; 361.12, by adding a subdivision; 362.20; 362.40, Subdivisions 9, 10 and 11; 546.27; Chapters 86, by adding a section; and 299C, by adding a section.

Six members of the House have been appointed to such committee on the part of the House as follows: Anderson, D.; Laidig; Valan; Kahn; Voss and Norton.

Senate File No. 1510 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 16, 1979

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 624: A bill for an act relating to counties; fixing the amounts that may be spent for Memorial Day observances; amending Minnesota Statutes 1978, Sections 375.34; and 375.35.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Friedrich, Fritz, Osthoff and Kostohryz.

House File No. 624 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 16, 1979

Mrs. Brataas moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 624, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 1329: A bill for an act relating to aeronautics; providing representation for affected communities on airport zoning boards; regulating the process of airport zoning; directing the metropolitan airports commission to consider a certain alternative; amending Minnesota Statutes 1978, Sections 360.061, Subdivision 3; 360.063, Subdivision 3; 360.065; and 473.608, by adding a subdivision.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Lehto, McCarron, Valento and Stowell.

House File No. 1329 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 16, 1979

Mr. Solon moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1329, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the adoption by the House of the following House Concurrent Resolution, herewith transmitted:

House Concurrent Resolution No. 7: A House concurrent resolution relating to the observance of Vietnam Veterans' Awareness Week.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 15, 1979

Mr. Chmielewski moved to amend House Concurrent Resolution No. 7 as follows:

Page 1, delete lines 4 to 20 and insert

"WHEREAS, Thousands of Minnesota men and women served our nation in the armed forces during the Vietnam conflict; and,

WHEREAS, Many gave their lives in battle, and many others returned with debilitating physical and psychic wounds; and,

WHEREAS, There is no question that Minnesota's Vietnam veterans served with great distinction, courage, and loyalty, and deserve our respect and gratitude for their patriotic efforts; and,

WHEREAS, It is imperative that every citizen be mindful of the great sacrifice these men and women have made for our country, and of the continuing significant contributions they make as civilians to our well-being; NOW,"

Page 2, delete lines 9 to 12

Renumber the paragraphs in sequence

The motion prevailed. So the amendment was adopted.

The question was taken on the adoption of the resolution, as amended.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Lessard	Peterson	Stokowski
Ashbach	Hanson	Luther	Pillsbury	Strand
Bang	Hughes	McCutcheon	Renneke	Tennessee
Benedict	Humphrey	Menning	Rued	Ueland, A.
Bernhagen	Jensen	Merriam	Schaaf	Ulland, J.
Brataas	Johnson	Moe	Schmitz	Vega
Chenoweth	Keefe, J.	Nelson	Setzepfandt	Wegener
Chmielewski	Keefe, S.	Nichols	Sieloff	Willet
Coleman	Kirchner	Olhoff	Sikorski	
Davies	Knoll	Olson	Sillers	
Dieterich	Knutson	Penny	Solon	
Gearty	Laufenburger	Perpich	Staples	

The motion prevailed. So the resolution, as amended, was adopted.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce the following change in the membership of the Conference Committee on Senate File No. 118:

The name of Pavlak has been deleted and the name of Rothenberg has been added.

Edward A. Burdick, Chief Clerk, House of Representatives
May 16, 1979

Mr. President:

I have the honor to announce the following change in the membership of the Conference Committee on House File No. 444:

The name of Pavlak has been deleted and the name of Anderson, R., has been added.

Edward A. Burdick, Chief Clerk, House of Representatives
May 16, 1979

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 703, 1241 and 1467.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 16, 1979

FIRST READING OF HOUSE BILLS

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

H. F. No. 703: A bill for an act relating to accountancy; providing for licensing of public accountants; prohibiting certain practices; appropriating money; providing penalties; amending Minnesota Statutes 1978, Sections 326.17; 326.18; 326.20, Subdivisions 1 and 2; and Chapter 326, by adding sections.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 776, now in the Subcommittee on Bill Scheduling.

H. F. No. 1241: A bill for an act relating to natural resources; reducing local match required for dam repair and reconstruction grants; authorizing loans for local share of project costs; authorizing sale of bonds for loan program; appropriating money; amending Minnesota Statutes 1978, Section 105.482, Subdivisions 3 and 5, and by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S. F. No. 1109 now on Special Orders.

H. F. No. 1467: A bill for an act relating to state employees; providing for wage and fringe benefits for certain state employees; ratifying collective bargaining agreements; amending Minnesota

Statutes 1978, Sections 43.01, Subdivision 14; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 16, 17, 23, 24, 25, and by adding subdivisions; 43.122, Subdivision 5; 43.17, Subdivision 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.50, Subdivision 1; 43.51; and 645.44, Subdivision 5.

Referred to the Committee on Rules and Administration.

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

H. F. No. 1465: A bill for an act relating to taxation; extending the time for claiming credits against the tax on taconite and iron sulphides; amending Minnesota Statutes 1978, Section 298.24, Subdivision 3.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 1234: A bill for an act relating to taxation; providing that property tax exemption allowed for pollution control property shall not apply to solid waste disposal sites; amending Minnesota Statutes 1978, Section 272.02, Subdivision 1.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 1141: A bill for an act relating to hearing impaired persons; establishing regional service centers and advisory committees; establishing a statewide interpreter referral service; providing for a program of training and employment; prescribing duties for the commissioner of public welfare; establishing an office on hearing impairment; providing for an advisory committee for the state council for the handicapped; prescribing duties for the department of health; providing for a study by the state planning agency; appropriating money.

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

Page 1, line 20, delete "employment" and insert "occupational"

Page 1, line 25, delete "11" and insert "10"

Page 2, line 2, delete "persons" and insert "person"

Page 2, line 10, delete "employment" and insert "occupational"

Page 3, line 2, delete "interpreter services"

Page 3, line 3, after "persons" insert "interpreter services"

Page 3, line 3, after "obtain" insert "human"

Page 3, line 17, after "four" insert "persons who are"

Page 3, line 17, after "or" insert "who are"

Page 3, line 20, after the period, insert "Members shall serve without payment by the state of per diem or expense."

Page 5, line 16, after "four" insert "persons who are"

Page 5, line 16, after "or" insert "who are"

Page 5, line 20, after the period insert "The state council shall provide per diem and compensation for expenses to committee members in accordance with section 15.059."

Page 5, line 23, delete "department" and insert "commissioner"

Page 5, line 25, delete "department" and insert "commissioner"

Page 5, line 30, delete "department" and insert "commissioner"

Page 6, lines 8 and 9, delete "on or before" and insert "by"

Page 6, delete lines 11 to 29 and insert: "The sum of \$1,006,500 is appropriated from the general fund to the agencies and for the purposes indicated in this section, to be available until June 30, 1981."

Subd. 2. [ECONOMIC SECURITY.]

For the purposes of sections 4 and 5 \$498,500

Approved Complement

1980-14 1981-22

Subd. 3. [PUBLIC WELFARE.]

For the purposes of section 7 \$330,400

Approved Complement

1980-6 1981-10

Subd. 4. [COUNCIL FOR THE HANDICAPPED.]

For the purposes of section 8 \$111,000

Approved Complement—3

Subd. 5. [HEALTH.]

For the purposes of sections 9 and 10 \$60,900

Approved Complement—2

Subd. 6. [STATE PLANNING.]

For the purposes of section 11 \$5,700"

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 266: A bill for an act relating to public welfare; child care services; defining a sliding fee schedule payment plan for child care; appropriating money; amending Minnesota Statutes 1978, Section 245.84, Subdivision 2.

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

Page 1, line 11, after "available" insert "*and subject to the allocation requirements of section 245.87,*"

Page 1, line 12, after "shall" insert "*establish an experimental program to*"

Page 1, line 12, strike "counties," and insert "*county boards*"

Page 1, strike line 13

Page 1, line 14, strike "care facilities"

Page 1, strike line 17

Page 1, line 22, after the stricken period insert "*The commissioner shall promulgate temporary rules to govern the experimental program in accordance with this subdivision. The commissioner shall require collection of data and periodic reports as the commissioner deems necessary to demonstrate the effectiveness of the program in preventing and reducing dependence of participants on public assistance and in providing other benefits. The commissioner shall report to the legislature by January 15, 1981, on the effectiveness of the experimental program and make recommendations regarding making this program an integral part of the child care services administered by the counties. The experimental program expires June 30, 1981.*"

Page 2, line 2, delete the comma and insert "*and*"

Page 2, line 3, delete "*and 25 percent thereafter*"

Page 2, line 6, delete "90" and insert "70"

Page 3, line 6, delete "\$2,250,000" and insert "\$1,500,000"

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 897: A bill for an act relating to the secretary of state; providing for printing and distributing the student edition of the legislative manual; appropriating money; amending Minnesota Statutes 1978, Section 5.09.

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

Page 1, line 19, delete "30" and insert "*51,300*"

Page 1, line 19, delete "*each public*"

Page 1, line 20, delete "school" and insert "schools"

Page 1, line 20, delete "through the superintendent of"

Page 1, line 21, delete "each school district" and insert "on request"

Page 1, line 22, delete "for sale"

Page 2, line 2, delete "\$71,544" and insert "\$39,000"

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was re-referred

S. F. No. 966: A bill for an act relating to county human services facilities; providing authority to issue and sell revenue bonds, lease facilities, pledge revenues, and pledge full faith and credit; amending Minnesota Statutes 1978, Chapter 402, by adding a section.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Chapter 402, is amended by adding a section to read:

[402.081] [HUMAN SERVICES FACILITIES.] *Subdivision 1. [ISSUANCE OF BONDS.] A county, upon the recommendation of its human services board, may issue general obligation revenue bonds by resolution of its governing body to finance the acquisition and betterment of human services facilities. For purposes of this section, "human services facilities" means any real or personal property used or useful in connection with the delivery of correctional, employment, health, mental health, or social services, and includes all costs associated with (a) the acquisition and betterment of the facilities, (b) the issuance of bonds to finance the facilities including, without limitation, all the costs specified in section 475.65, (c) the retirement of outstanding indebtedness in connection with the acquisition or betterment of any existing human services facility. (d) the establishment of a reserve, and (e) working capital in an amount not to exceed the estimated cost of operation of the facilities for a period of six months.*

Subd. 2. [VOTER APPROVAL.] The governing body of a county, prior to the issuance of any bonds authorized by subdivision 1, shall adopt an initial resolution stating the amount, purpose, and, in general, the security to be provided for the bonds; and shall publish the resolution once each week for two consecutive weeks in the official newspaper of the county. The bonds may be issued without the submission of the question of their issuance to the voters of the county unless within 21 days after the second publication of the resolution a petition requesting an election, signed by registered voters of the county in number equal to at least eight percent of those voting in the last general election, is filed with the county

auditor. If a petition is filed, no bonds shall be issued unless approved by a majority of the voters of the county voting on the question of their issuance at a regular or special election.

Subd. 3. [LEASE OF FACILITIES.] *The county may lease human services facilities for operation, administration, and maintenance to a nonprofit or public corporation for not more than 30 years for rentals and upon terms and other conditions as may be agreed. The facilities shall be open to all residents of the county on equal terms. The county may by resolution of its governing body agree to pay to the lessee of human services facilities annually, and to include in each annual budget and tax levy for human services purposes, a fixed compensation determined by the governing body to be just and proper compensation for services agreed to be performed by the lessee in the operation, administration, and maintenance of the human services facility, for any investment by the lessee of its own funds or funds granted and contributed to it in the construction or equipment of the human services facility, and for any auxiliary services provided or made available by the lessee. A lease agreement entered into under this section shall require the lessee to pay a net rental not less than the amount required to pay the principal and interest when due on all bonds issued by the county to acquire and better the leased facilities or to refund such bonds, and to maintain the agreed bond reserve.*

Subd. 4. [CHARGES FOR SERVICE.] *Charges for all services furnished and made available by or through facilities financed in whole or in part by the issuance of bonds may and shall be established at levels such that the revenues therefrom, together with any compensation payable to the lessee as provided in subdivision 3, will be sufficient to pay all expenses, as they are estimated to accrue, of operation, administration and maintenance of the facilities, of providing the services, and of principal, interest, and redemption premium, if any, when due and payable on the bonds. The charges shall be payable by each department of the county, the state, and any other governmental unit or agency, and by any private person, firm, or corporation, that requests or contracts for services to be made available to any person, or for the care or custody of any person. The county shall provide in its annual budget and tax levy, or from federal or state aids available, for the payment of all charges for which it is by law or contract responsible, whether the facilities are operated by the county or the county human services board or by a lessee. The county and any department, agency, or governmental unit of the state may enter into contracts with the county or its lessee for the provision of any type of human services they are by law authorized or required to furnish, for the period and upon the conditions that their governing bodies or officers may agree upon.*

Subd. 5. [SECURITY.] *The county shall pledge and appropriate the net revenues to be derived from its operation or lease of the human services 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 thereon. The governing body shall have power to make and enter into the covenants with the bondholders which are*

determined by it to be necessary and proper to assure the marketability of the bonds, the completion of the facilities, the segregation of the revenues or rentals and any other funds pledged, and the sufficiency thereof for the prompt and full payment of all bonds and interest. The governing body shall also pledge to the payment of the bonds and interest the full faith and credit of the county.

Subd. 6. [ISSUANCE AND SALE.] *All bonds issued pursuant to this section shall be issued and sold as provided in chapter 475, except:*

(a) Any bond reserve and capitalized interest segregated at the time of issuance, together with revenues estimated by the governing body to be derived annually after completion of the facilities, from charges to be established pursuant to subdivision 4, may be deducted from the taxes initially required to be levied under section 475.61, provided that a tax shall be assessed and extended each year, without limitation of rate or amount, sufficient to produce an amount equal to any deficiency in the bond reserve then agreed to be maintained in the debt service fund; and

(b) The issuance of the bonds need not be submitted to a vote of the electorate except as provided in subdivision 2.

Subd. 7. [TAX EXEMPTIONS.] *Interest on the bonds shall not be included in gross income for the purpose of computing any tax imposed under chapter 290 and shall be exempt from any taxes imposed by any political subdivision of the state. All properties acquired and used by the county for the purposes authorized and contemplated in this section are public property exclusively used for a public purpose and exempt from taxation, whether or not leased as contemplated in subdivision 3.*

Subd. 8. *Two or more counties may enter into an agreement for the acquisition, ownership, operation or leasing, and financing of human services facilities pursuant to section 471.59. In this event any or all of the counties may issue general obligation revenue bonds as provided in this section, to provide agreed portions of the capital cost, and the facilities may be operated and charges for its service determined and accounted for by the county, agency, or nonprofit corporation designated in the agreement."*

Further, delete the title and insert:

"A bill for an act relating to county human services facilities; providing authority to issue and sell general obligation revenue bonds, lease facilities, pledge revenues, and pledge full faith and credit; amending Minnesota Statutes 1978, Chapter 402, by adding a section."

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 1035: A bill for an act relating to taxation; deed tax; providing that counties retain a portion of the revenues; amend-

ing Minnesota Statutes 1978, Sections 287.21, Subdivision 2; and 287.29, Subdivision 1.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 287.27, is amended by adding a subdivision to read:

Subd. 3. At the request of any county the commissioner shall review the volume of stamps used by that county in the two preceding years. If in his opinion there is sufficient volume of stamps used in the county, the commissioner may provide for installation of a tax meter machine and reimburse the county for the costs of installation, maintenance and rental charges for the machine.

Sec. 2. [APPROPRIATION.] *There is appropriated from the general fund in the state treasury to the commissioner of revenue an amount sufficient to make the payments required by section 1."*

Amend the title as follows:

Page 1, line 2, delete "providing that"

Page 1, delete lines 3 to 5 and insert "authorizing the commissioner of revenue to provide tax meter machines to replace deed tax stamps; appropriating funds; amending Minnesota Statutes 1978, Section 287.27, by adding a subdivision."

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was re-referred

S. F. No. 1390: A bill for an act relating to taxation; providing for an annual adjustment of the excise tax on gasoline and special fuel based on changes in the consumer price index; amending Minnesota Statutes 1978, Section 296.02, Subdivision 1; and Chapter 296, by adding a section.

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

Page 1, line 14, reinstate the stricken language except "~~nine~~" and after "~~nine~~" insert "*ten*"

Page 1, lines 16 to 18, delete the new language

Pages 1 to 3, delete sections 2 to 5 and insert:

"Sec. 2. [EFFECTIVE DATE.] *Section 1 is effective for gasoline sold after June 30, 1979."*

Amend the title as follows:

Page 1, line 2, delete "providing for an annual"

Page 1, line 3, delete "adjustment" and insert "increasing the rate"

Page 1, line 4, delete "based on changes in the consumer"

Page 1, line 5, delete "price index"

Page 1, line 6, delete "; and Chapter 296, by" and insert a period

Page 1, delete line 7

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

Mr. McCutcheon from the Committee on Taxes and Tax Laws, to which was referred

S. F. No. 275: A bill for an act relating to taxation; income tax; clarifying non-taxable status of certain federal earned income credits; amending Minnesota Statutes 1978, Sections 290.01, Subdivision 20; and 290.18, Subdivision 2.

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

Page 4, lines 11 to 15, delete the new language

Page 8, line 8, strike "and"

Page 8, line 14, before the period insert "; and

(10) The amount of any earned income credit received pursuant to section 43 of the Internal Revenue Code of 1954, as amended through December 31, 1978"

Pages 10 to 12, delete section 2

Renumber the remaining section

Amend the title as follows:

Page 1, line 5, delete "Sections" and insert "Section" and delete "; and 290.18," and insert a period

Page 1, delete line 6

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 776: A bill for an act relating to accountancy; providing for licensing of public accountants; prohibiting certain practices; appropriating money; providing penalties; amending Minnesota Statutes 1978, Sections 326.17; 326.18; 326.19, Subdivision 2; 326.20, Subdivisions 1 and 2; and Chapter 326, by adding sections; repealing Minnesota Statutes 1978, Sections 326.17 to 326.23.

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

Page 18, delete lines 9 to 12 and insert:

"Sec. 14. [APPROPRIATION.] *The sum of \$66,000 is appropriated from the general fund to the state board of accountancy to implement sections 1 to 13 of this act, to be available for the fiscal year ending June 30 in the years indicated.*

1980	1981
\$43,500	\$22,500"

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 816: A bill for an act relating to retirement; teachers retirement association; increase in employer contribution; amending Minnesota Statutes 1978, Sections 354.42, Subdivisions 3 and 5; and 354A.12.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 354.42, Subdivision 3, is amended to read:

Subd. 3. ~~Prior to July 1, 1975 the employer contribution to the fund shall be an amount equal to three and one-half percent of the salary of every coordinated member and seven percent of the salary of every basic member. Effective July 1, 1975~~ The employer contribution to the fund shall be an amount equal to four *and one-half* percent of the salary of each coordinated member and eight *and one-half* percent of the salary of each basic member. This contribution shall be made in the manner provided in section 354.43. For purposes of financing the various options related to the variable annuity division, employer contributions equal to the employee variable annuity contributions prescribed in section 354.62, subdivision 2, ~~will~~ *shall* be allocated at the same time to the employer variable annuity contribution account in section 354.62, subdivision 3.

Sec. 2. Minnesota Statutes 1978, Section 354.42, Subdivision 5, is amended to read:

Subd. 5. An additional employer contribution shall be made in the amount of ~~three~~ 3.05 percent of the salary of each member for the purpose of amortizing the deficit in the fund. This contribution shall be made in the manner provided in section 354.43.

Sec. 3. Minnesota Statutes 1978, Section 354A.12, is amended to read:

354A.12 [CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.] *Subdivision 1. [EMPLOYEE CONTRIBUTIONS.] The contribution required to be paid by each member of a teachers*

retirement fund association shall not be less than the percentage of total salary specified below for the applicable association and program:

<i>Association and Program</i>	<i>Percentage of Total Salary</i>
<i>Duluth teachers retirement association</i>	
<i>coordinated program</i>	4 percent
<i>Minneapolis teachers retirement association</i>	
<i>basic program</i>	8 percent
<i>coordinated program</i>	4.5 percent
<i>St. Paul teachers retirement association</i>	
<i>basic program</i>	8 percent
<i>coordinated program</i>	4.5 percent

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Notwithstanding any law to the contrary, for taxes levied in 1975 payable in 1976 and thereafter, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by a fully or partially coordinated teachers retirement social security fund the Duluth teachers retirement fund association or the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, are disallowed and the state shall assume the total employer obligation. Effective July 1, 1975 the state shall pay to said retirement fund association an employer contribution equal to the amount, expressed as a percentage of payroll, that the state of Minnesota is required to pay for all contributing members of the state teachers retirement association including social security taxes, in accordance with the provisions of Minnesota Statutes 1974, Section 354A.07, Subdivisions 2, 3a and 4, except that:

(1) employer contributions which are paid to the retirement fund associations pursuant to this section shall be appropriated and remitted directly to said retirement fund associations each month in accordance with the procedures described in section 354.42, subdivisions 1, 2, and 5; and

(2) with respect to any city of the first class having a fully or partially coordinated teachers retirement fund association, employer social security taxes on salaries paid after June 30, 1975 shall be paid by the state in accordance with the provisions of section 355.46, subdivision 2, clause (b), and employer contributions to said retirement fund association shall be reduced by the amount of such taxes. The contribution required to be paid by each coordinated member of a teachers retirement fund association in a city of the first class which does have a fully coordinated teachers retirement social security fund shall not be less than four percent of total salary, the contribution required to be paid by each coordinated member of a teachers retirement fund association which does have a partially coordinated teachers retirement social security fund shall not be less than four and one-half percent of total salary and the contribution required to be paid by

each basic member of a teachers retirement fund association in a city of the first class which does not have a fully coordinated teachers retirement social security fund shall not be less than eight percent of total salary.

The state shall make the following employer contributions to teachers retirement fund associations:

(a) For any coordinated member of a teachers retirement fund association in a city of the first class, the state shall pay the employer social security taxes in accordance with section 355.46, subdivision 3, clause (b);

(b) For any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the state shall make a contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth teachers retirement fund association	5.79 percent
Minneapolis teachers retirement fund association	4.50 percent
St. Paul teachers retirement fund association	4.50 percent

(c) For any basic member of one of the following teachers retirement fund associations in a city of the first class, the state shall make a contribution to the respective retirement fund in an amount equal to the designated percentage of the salary of the basic member as provided below:

Minneapolis teachers retirement fund association	13.35 percent
St. Paul teachers retirement fund association	12.63 percent

The state employer contributions shall be appropriated and remitted directly to each teachers retirement fund association each month in accordance with the procedures described in section 354.43, subdivisions 1, 2, and 5.

Once each month the executive secretary of each teachers retirement fund association shall determine the amount of money necessary and presently needed to meet the state obligation as provided in this subdivision by applying the percentage of payroll figure as reported by the state teachers retirement association to the estimated payroll amounts for the current month and shall certify the amount to the commissioner of finance. The moneys required to meet the amounts certified by each executive secretary of a teachers retirement fund association shall be appropriated and remitted directly to the applicable teachers retirement fund association from the general fund each month. If subsequent actual experience deviates from the anticipated experience upon which the amount certified was determined, the allocation to the first class city teachers retirement fund association involved next following the discov-

ery of the deviation shall be adjusted. If the state makes an excess employer contribution to a teachers retirement fund association as the result of a false or wrongful certification, the state shall be entitled to recover the excess employer contribution by any appropriate means, including recovery from future state allocations, state aid or other funds payable to the school district in which the association is located. If an employee of that school district is responsible for the false or wrongful certification, any excess employer contribution recovered by the state shall be the obligation of the school district.

Subd. 3. [CERTIFICATION OF SALARIES PAID FROM OTHER THAN NORMAL SCHOOL OPERATING FUNDS.] *The executive secretary of each teachers retirement fund association in a city of the first class shall certify to the commissioner of finance the total amount of salaries paid from normal school operating funds and the total amount of salaries paid from other than normal school operating funds. The certification shall include for each individual who receives a salary paid in whole or in part from other than normal school operating funds the name of the person, the salary or portion of the salary paid from other than normal school operating funds and the amount of employer contributions on the salary paid from other than normal school operating funds determined by applying the percentage of payroll figure as reported by the state teachers retirement association to the salary or portion of the salary paid from other than normal school operating funds.*

Subd. 4. [LIMITATION ON CERTAIN ARTICLES OF INCORPORATION OR BYLAW AMENDMENTS.] *No change in amendment to the bylaws or articles of incorporation of a teachers retirement fund association in a city of the first class affecting benefits, contributions or actuarial assumptions shall be made without approval by the legislature. Approval shall be deemed granted and the amendment shall become effective only upon enactment of special or general legislation detailing the substance of the amendment and upon submission of the text of the proposed amendment to the articles of incorporation or bylaws by the teachers retirement fund association involved to the legislative commission on pensions and retirement prior to the effective date of the amendment. Notwithstanding any provision of the articles of incorporation or bylaws to the contrary, amendments may be made adopted at the an annual meeting or at a special meeting called for such that purpose, without further local approval.*

Sec. 4. [EFFECTIVE DATE.] *This act shall be effective July 1, 1979."*

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 84: A bill for an act relating to public welfare; adjusting eligibility requirements for medical assistance benefits; amend-

ing Minnesota Statutes 1978, Sections 256B.06, Subdivision 1; and 256B.07.

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

Page 2, line 28, strike "\$2,600" and insert "\$3,000"

Page 2, line 28, strike "\$3,250" and insert "\$3,750"

Page 3, line 2, after the period, insert "*In computing income to determine eligibility for medical assistance, the commissioner shall, beginning in July 1979, disregard increases in income of social security or supplementary security income recipients who are not residents of long-term care facilities due solely to increases required by sections 215(i) and 1617 of the social security act.*"

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 447: A bill for an act relating to the state building code; restricting statewide application of certain provisions; requiring builders to construct homes in compliance with the building code; permitting the use of ungraded Minnesota lumber in certain jurisdictions; providing for courses on lumber grading; providing tuition reimbursement and per diem for building officials; appropriating money; amending Minnesota Statutes 1978, Sections 16.851; 16.861, Subdivisions 1 and 4, and by adding a subdivision; 16.866, Subdivision 1; 327A.01, Subdivision 2; 327A.02, Subdivision 1; repealing Laws 1978, Chapter 786, Section 22.

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

Page 2, line 1, delete "1979" and insert "1978"

Page 5, line 19, delete "*which*" and insert "*that*"

Page 5, lines 29 and 30, delete "*building code division of the department*" and insert "*commissioner*"

Page 5, line 32, delete "*division*" and insert "*commissioner*"

Page 6, line 5, delete "*department*" and insert "*commissioner*"

Page 7, delete section 7

Page 8, line 3, after "*county*" insert "*according to the 1970 United States census*"

Page 8, line 11, delete "*expended*" and insert "*June 30, 1981*"

Page 8, line 12, in the blank insert "2,705,300"

Page 8, line 14, delete "8" and insert "7"

Page 8, line 18, before "*This*" insert "*Section 8 of this act is effective July 1, 1979. The remainder of*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 13, delete "327A.02, Subdivision 1;"

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

SECOND READING OF SENATE BILLS

S. F. Nos. 1234, 1141, 266, 897, 966, 1035, 1390, 275, 776, 816, 84 and 447 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H. F. No. 1465 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Mr. Laufenburger; Mrs. Staples; Mr. Keefe, S.; Mrs. Brataas and Mr. Spear introduced—

Senate Resolution No. 34: A Senate resolution extending congratulations to Reiko Weston on being selected Small Business Person of the Year for Minnesota.

Referred to the Committee on Rules and Administration.

RECONSIDERATION

Mr. Sikorski moved that the vote whereby H. F. No. 1238 was passed by the Senate on May 16, 1979, be now reconsidered. The motion prevailed.

H. F. No. 1238: A bill for an act relating to crimes; prohibiting the obtaining or retaining of a child in violation of a court order; prescribing penalties; amending Minnesota Statutes 1978, Section 609.26.

Mr. Sikorski moved to amend H. F. No. 1238, as follows:

Page 2, line 16, delete "*obtains or retains*" and insert "*detains or fails to return*"

Amend the title as follows:

Page 1, line 2, delete "the"

Page 1, line 2, delete "obtaining" and insert "detaining"

Page 1, line 3, delete "retaining of" and insert "failing to return"

The motion prevailed. So the amendment was adopted.

H. F. No. 1238 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 51 and nays 1, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Luther	Pillsbury	Strand
Bang	Hughes	McCutcheon	Renneke	Tennessen
Benedict	Humphrey	Merriam	Rued	Ueland, A.
Bernhagen	Jensen	Moe	Schaaf	Ulland, J.
Brataas	Johnson	Nelson	Schmitz	Vega
Chenoweth	Keefe, S.	Nichols	Setzpfandt	Wegener
Coleman	Kirchner	Olhoft	Sieloff	Willet
Davies	Knaak	Olson	Sikorski	
Dieterich	Knutson	Penny	Spear	
Frederick	Laufenburger	Perpich	Staples	
Gearty	Lessard	Peterson	Stokowski	

Mr. Knoll voted in the negative.

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

Pursuant to Rule 21, Mr. Moe moved that the following members be excused for a Conference Committee on H. F. No. 1526:

Messrs. Moe, Tennessen, Stumpf, Ogdahl and Renneke. The motion prevailed.

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

SPECIAL ORDER

S. F. No. 917: A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increasing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance; establishing a reopened case fund; establishing a voluntary group self-insurance group association; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, Subdivision 2, and by adding subdivisions; 79.095; 79.10; 79.21; 79.22, by adding a subdivision; 79.25; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.081, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivision 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179; 176.181, Subdivision 2, and by adding a subdivision; 176.191; 176.231, Subdivisions 1 and 2; 176.235, Subdivision 1; 176.241; 176.271; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding a section; repealing Minne-

sota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7.

Mr. Keefe, S. moved to amend S. F. No. 917 as follows:

Page 10, after line 32, insert:

"Sec. 14. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.211] [DIVISION OF PAYROLL.] *For the purposes of rate calculation an employer's payroll shall be divided if an employee is within two or more rate classifications, provided that the records of the employer substantiate a division.*"

Page 13, line 32, delete "16" and insert "17"

Page 19, line 23, delete "section" and insert "sections 17 to"

Page 51, line 15, delete "may" and insert "shall"

Page 67, line 8, delete "pursuant" and insert "and is not subject"

Page 69, after line 21, insert:

"Sec. 71. Section 8, Subdivision 2, clause (1), shall not apply to those parts of the manual which concern the (1) basis of premium found in part VI of the most recent manual; (2) standard exceptions found in part VIII, paragraph 8, of the most recent manual; (3) experience rating plan; and (4) rules for the division of payroll. These parts of the manual shall be approved by the commissioner of insurance pursuant to section 2 if a petition for a hearing is made pursuant to section 2 within 90 days of the effective date of this section. If no such petition is made, subdivision 2, clause (1), shall apply to these parts of the manual.

Workers' compensation premiums charged to insureds during the pendency of the proceeding held pursuant to the petition shall be based on the current manual."

Page 70, line 31, delete "32,"

Page 70, line 32, before "47" insert "45,"

Page 70, line 32, delete "48,"

Page 70, line 32, delete "and 50" and insert "52, 54, 68, and 69"

Page 71, line 6, after "association" insert "created pursuant to section 60"

Page 71, line 15, delete "1" and insert "2"

Page 71, line 16, after the period insert "Section 2, subdivisions 7 and 8 and sections 3 to 8 are effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 17, delete "group"

The motion prevailed. So the amendment was adopted.

Mr. Setzepfandt moved to amend S. F. No. 917 as follows:

Page 12, line 29, delete "\$200,000" and insert "\$100,000"

Page 13, line 25, delete "\$200,000" and insert "\$100,000"

CALL OF THE SENATE

Mr. Davies imposed a call of the Senate for the balance of the proceedings on S. F. No. 917. The following Senators answered to their names:

Anderson	Dunn	Knaak	Penny	Sikorski
Ashbach	Engler	Knoll	Perpich	Sillers
Bang	Frederick	Knutson	Peterson	Spear
Benedict	Gearty	Laufenburger	Pillsbury	Staples
Bernhagen	Gunderson	Lessard	Purfeerst	Stokowski
Brataas	Hanson	Luther	Rued	Strand
Chenoweth	Humphrey	Menning	Schaaf	Vega
Chmielewski	Johnson	Merriam	Schmitz	Wegener
Davies	Keefe, J.	Nelson	Setzepfandt	Willet
Dieterich	Keefe, S.	Olson	Sieloff	

The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment of Mr. Setzepfandt.

The roll was called, and there were yeas 38 and nays 24, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Menning	Peterson	Spear
Benedict	Humphrey	Moe	Purfeerst	Stokowski
Chenoweth	Johnson	Nelson	Schaaf	Strand
Chmielewski	Keefe, S.	Nichols	Schmitz	Stumpf
Coleman	Knoll	Olhoft	Setzepfandt	Vega
Gearty	Lessard	Olson	Sieloff	Willet
Gunderson	Luther	Penny	Sikorski	
Hanson	McCutcheon	Perpich	Solon	

Those who voted in the negative were:

Ashbach	Dieterich	Keefe, J.	Merriam	Staples
Bang	Dunn	Kirchner	Pillsbury	Tennessee
Bernhagen	Engler	Knaak	Renneke	Ueland, A.
Brataas	Frederick	Knutson	Rued	Ulland, J.
Davies	Jensen	Laufenburger	Sillers	

The motion prevailed. So the amendment was adopted.

Mr. Ashbach moved to amend S. F. No. 917 as follows:

Pages 12 to 19, delete sections 17 to 25

Renumber the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, delete line 13

Page 1, line 14, delete "association;"

The question was taken on the adoption of the amendment.

Mr. Keefe, S. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 25 and nays 37, as follows:

Those who voted in the affirmative were:

Ashbach	Dieterich	Jensen	Laufenburger	Rued
Bang	Dunn	Keefe, J.	Merriam	Sieloff
Bernhagen	Engler	Kirchner	Ogdahl	Ueland, A.
Brataas	Frederick	Knaak	Pillsbury	Ulland, J.
Davies	Gearty	Knutson	Renneke	Wegener

Those who voted in the negative were:

Anderson	Johnson	Nelson	Schaaf	Strand
Benedict	Keefe, S.	Nichols	Schmitz	Stumpf
Chenoweth	Kleinbaum	Olhoft	Setzepfandt	Tennessee
Chmielewski	Knoll	Olson	Sikorski	Vega
Coleman	Lessard	Penny	Solon	Willet
Gunderson	Luther	Perpich	Spear	
Hanson	Menning	Peterson	Staples	
Humphrey	Moe	Purfeerst	Stokowski	

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

Mr. Davies moved to amend S. F. No. 917 as follows:

Page 14, line 19, delete everything after "pay" and before the period

Page 14, line 27, delete "not"

The motion prevailed. So the amendment was adopted.

Mr. Laufenburger moved to amend S. F. No. 917 as follows:

Page 2, delete section 1

Pages 65 to 68, delete sections 59 to 65

Page 70, line 3, delete "Subdivision 1."

Page 71, delete subdivision 2

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, delete everything after the semicolon

Page 1, line 17, delete everything before "appropriating"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 38, as follows:

Those who voted in the affirmative were:

Ashbach	Davies	Keefe, J.	Laufenburger	Staples
Bang	Engler	Kirchner	Penny	Ueland, A.
Bernhagen	Frederick	Knaak	Renneke	Ulland, J.
Brataas	Gunderson	Knutson	Rued	

Those who voted in the negative were:

Benedict	Humphrey	Menning	Pillsbury	Strand
Chenoweth	Jensen	Merriam	Purfeerst	Stumpf
Chmielewski	Keefe, S.	Moe	Schaaf	Tennessee
Coleman	Kleinbaum	Nelson	Schmitz	Vega
Dieterich	Knoll	Nichols	Setzepfandt	Wegener
Dunn	Lessard	Olhoff	Sikorski	Willet
Gearty	Luther	Olson	Spear	
Hanson	McCutcheon	Perpich	Stokowski	

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

Mr. Nichols moved to amend S. F. No. 917 as follows:

Page 2, delete line 7 and insert "*the Minnesota compensation insurance fund*"

Page 65, after line 5, insert

"Sec. 59. Minnesota Statutes 1978, Section 176.645, is amended to read:

176.645 [ADJUSTMENT OF BENEFITS.] *Subdivision 1.* For injuries occurring after October 1, 1975 and before October 1, 1979 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the amount due the employee or any dependents shall be adjusted in accordance with this section. ~~On October 1, 1976 and~~ Each October 1 thereafter the amount due shall be adjusted by multiplying the amount due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, 21 months prior to the adjustment and the numerator of which is the statewide average weekly wage for December 31, nine months prior 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 percent a year, *except that the first adjustment for an employee or a dependent who has completed the 104 week waiting period required by subdivision 2 shall include up to six percent for each of the annual adjustments missed.* In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be six percent.

Subd. 2. For injuries occurring on or after October 1, 1979, the adjustment made pursuant to subdivision 1 shall not take effect until after the employee or a dependent has received compensation for 104 weeks, not necessarily consecutive. The initial adjustment made in the benefits of an employee or dependent

who has received compensation for 104 weeks shall not include payment in the amount the employee or dependent would have received if the annual adjustment had been permitted prior to the 104 week waiting period."

Pages 65 to 68, delete sections 59 to 65 and insert:

"Sec. 59. [176A.02] [DEFINITIONS.] Subdivision 1. For the purposes of sections 60 to 65 the following terms have the meanings given to them, unless the context clearly indicates a different meaning.

Subd. 2. "Fund" means the Minnesota compensation insurance fund.

Subd. 3. "Member" means an employer who has purchased workers' compensation insurance from the fund.

Subd. 4. "Board" means the board of directors.

Subd. 5. "Director" means the executive director of the fund.

Sec. 60. [176A.03] [MINNESOTA COMPENSATION FUND.] Subdivision 1. [CREATED.] There is created the Minnesota compensation insurance fund for the purpose of providing workers' compensation insurance required by chapter 176 to employers.

Subd. 2. [BOARD OF DIRECTORS: COMPOSITION.] The board of directors of the fund is composed of the commissioner of labor and industry and eight individuals appointed by the governor with the advice and consent of the senate. Three of the governor's appointees shall be members of the fund, three shall represent employees of members, and two shall represent the public.

Subd. 3. [TERMS.] The membership terms, compensation, removal of members, and filling of vacancies for the members of the board appointed by the governor shall be as provided in section 15.0575.

Subd. 4. [OFFICERS; QUORUM.] The board shall select a chairman and other officers as it deems necessary from its membership.

A majority of the board constitutes a quorum for purposes of conducting its business, notwithstanding the existence of any vacancies. Action may be taken by the board upon a vote of a majority of the directors present.

Subd. 5. [BOARD POWERS.] The board of directors of the fund is vested with full power, authority and jurisdiction over the fund. The board may perform acts which are necessary or proper in exercising its power, authority and jurisdiction in writing insurance.

Subd. 6. [EXECUTIVE DIRECTOR.] The fund is under the administrative control of the executive director, who is appointed by the board and serves at the pleasure of the board.

The director may appoint a deputy director and other permanent and temporary employees he deems necessary. All permanent employees of the fund, except the director, deputy director and five additional positions reporting directly to the director, are in the classified service. The five additional unclassified positions permitted by this subdivision shall be filled pursuant to section 43.09, subdivision 2a; no additional deputy director position may be created.

Subd. 7. [LIABILITY OF OFFICERS AND EMPLOYEES.] *The board, director, and employees of the fund are not personally liable, either jointly or severally, for any debt incurred or obligation created by the fund.*

Sec. 61 [176A.04] [POWERS.] *For the purpose of exercising the power and authority granted in sections 60 to 65, the fund has the following powers:*

(a) It may sue and be sued;

(b) It may have a seal and alter it at will;

(c) It may make, amend and repeal rules and is not subject to chapter 15;

(d) It may make and enter into contracts of insurance with members and other contracts or obligations relating to the fund as are necessary;

(e) It may refuse to provide coverage to an employer for the same reasons for which a private insurer is permitted to refuse to write insurance;

(f) It may perform other acts not specifically enumerated in this section that are necessary or proper to accomplish the purposes of the fund.

Sec. 62. [176A.05] [COST OF COVERAGE.] *The cost of providing the insurance for each employer shall be determined by the director and shall be at the lowest possible cost consistent with the maintenance of a solvent fund including the creation and maintenance of reasonable and adequate reserves.*

Sec. 63. [176A.06] [REGULATION BY INSURANCE COMMISSIONER.] *The fund is subject to the provisions of chapter 79.*

Sec. 64. [176A.07] [MONEY OF THE FUND.] **Subdivision 1. [ACCOUNT IN STATE TREASURY.]** *All money paid by members for insurance and all other money derived from property and securities acquired by and through the use of money belonging to the fund shall be paid to the state treasurer who shall deposit it in a special account and shall not commingle the money of the fund with any other money. Interest or profit accruing from investment of money in the account shall be credited to the account. Money in the account does not cancel and is appropriated to the director for the purposes of sections 60 to 65.*

Subd. 2. [LIABILITIES OF THE FUND.] *Payment of losses sustained by and liabilities incurred by the fund shall be made solely from money in the account.*

All operating expenses, including salaries for employees and rent for facilities shall be paid from money in the account. General fund revenue shall not be used to pay any losses sustained by, liabilities incurred by, or operating expenses of the fund, except as provided by section 72, subdivision 2.

Sec. 65. [176A.10] [REPORTS.] *The board shall report to the governor and legislature by November 15 of each even numbered year. The report shall contain information on the condition of the fund, including incurred losses, investment return, adequacy of reserves, number of policies written and other information deemed appropriate. The report may also contain recommendations designed to improve the operation of the fund."*

Page 71, line 6, delete "association" and insert "Minnesota compensation insurance fund"

Page 71, line 7, delete "\$6,000,000" and insert "\$12,000,000"

Page 71, line 10, delete "association" and insert "fund"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, delete everything after "a" and insert "state compensation insurance fund"

Page 1, line 17, delete everything before the semicolon

Page 1, line 32, before "Chapters" insert "176.645;"

Mr. Frederick requested division of the amendment as follows:

First portion:

Page 65, after line 5, insert

"Sec. 59. Minnesota Statutes 1978, Section 176.645, is amended to read:

176.645 [ADJUSTMENT OF BENEFITS.] *Subdivision 1. For injuries occurring after October 1, 1975 and before October 1, 1979 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the amount due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1976 and Each October 1 thereafter the amount due shall be adjusted by multiplying the amount due prior to each adjustment by a fraction, the denominator of which is the state wide average weekly wage for December 31, 21 months prior to the adjustment and the numerator of which is the state-wide average weekly wage for December 31, nine months prior 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 percent a year, *except*

that the first adjustment for an employee or a dependent who has completed the 104 week waiting period required by subdivision 2 shall include up to six percent for each of the annual adjustments missed. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be six percent.

Subd. 2. For injuries occurring on or after October 1, 1979, the adjustment made pursuant to subdivision 1 shall not take effect until after the employee or a dependent has received compensation for 104 weeks, not necessarily consecutive. The initial adjustment made in the benefits of an employee or dependent who has received compensation for 104 weeks shall not include payment in the amount the employee or dependent would have received if the annual adjustment had been permitted prior to the 104 week waiting period."

Amend the title as follows:

Page 1, line 32, before "Chapters" insert "176.645;"

Second portion:

Page 2, delete line 7 and insert "*the Minnesota compensation insurance fund*"

Pages 65 to 68, delete sections 59 to 65 and insert:

"Sec. 59. [176A.02] [DEFINITIONS.] Subdivision 1. For the purposes of sections 60 to 65 the following terms have the meanings given to them, unless the context clearly indicates a different meaning.

Subd. 2. "Fund" means the Minnesota compensation insurance fund.

Subd. 3. "Member" means an employer who has purchased workers' compensation insurance from the fund.

Subd. 4. "Board" means the board of directors.

Subd. 5. "Director" means the executive director of the fund.

Sec. 60. [176A.03] [MINNESOTA COMPENSATION FUND.] Subdivision 1. [CREATED.] There is created the Minnesota compensation insurance fund for the purpose of providing workers' compensation insurance required by chapter 176 to employers.

Subd. 2. [BOARD OF DIRECTORS: COMPOSITION.] The board of directors of the fund is composed of the commissioner of labor and industry and eight individuals appointed by the governor with the advice and consent of the senate. Three of the governor's appointees shall be members of the fund, three shall represent employees of members, and two shall represent the public.

Subd. 3. [TERMS.] The membership terms, compensation, removal of members, and filling of vacancies for the members of the board appointed by the governor shall be as provided in section 15.0575.

Subd. 4. [OFFICERS; QUORUM.] The board shall select a chairman and other officers as it deems necessary from its membership.

A majority of the board constitutes a quorum for purposes of conducting its business, notwithstanding the existence of any vacancies. Action may be taken by the board upon a vote of a majority of the directors present.

Subd. 5. [BOARD POWERS.] The board of directors of the fund is vested with full power, authority and jurisdiction over the fund. The board may perform acts which are necessary or proper in exercising its power, authority and jurisdiction in writing insurance.

Subd. 6. [EXECUTIVE DIRECTOR.] The fund is under the administrative control of the executive director, who is appointed by the board and serves at the pleasure of the board.

The director may appoint a deputy director and other permanent and temporary employees he deems necessary. All permanent employees of the fund, except the director, deputy director and five additional positions reporting directly to the director, are in the classified service. The five additional unclassified positions permitted by this subdivision shall be filled pursuant to section 43.09, subdivision 2a; no additional deputy director position may be created.

Subd. 7. [LIABILITY OF OFFICERS AND EMPLOYEES.] The board, director, and employees of the fund are not personally liable, either jointly or severally, for any debt incurred or obligation created by the fund.

Sec. 61. [176A.04] [POWERS.] For the purpose of exercising the power and authority granted in sections 60 to 65, the fund has the following powers:

(a) It may sue and be sued;

(b) It may have a seal and alter it at will;

(c) It may make, amend and repeal rules and is not subject to chapter 15;

(d) It may make and enter into contracts of insurance with members and other contracts or obligations relating to the fund as are necessary;

(e) It may refuse to provide coverage to an employer for the same reasons for which a private insurer is permitted to refuse to write insurance;

(f) It may perform other acts not specifically enumerated in this section that are necessary or proper to accomplish the purposes of the fund.

Sec. 62. [176A.05] [COST OF COVERAGE.] The cost of providing the insurance for each employer shall be determined by the director and shall be at the lowest possible cost consistent with

the maintenance of a solvent fund including the creation and maintenance of reasonable and adequate reserves.

Sec. 63. [176A.06] [REGULATION BY INSURANCE COMMISSIONER.] *The fund is subject to the provisions of chapter 79.*

Sec. 64. [176A.07] [MONEY OF THE FUND.] *Subdivision 1. [ACCOUNT IN STATE TREASURY.] All money paid by members for insurance and all other money derived from property and securities acquired by and through the use of money belonging to the fund shall be paid to the state treasurer who shall deposit it in a special account and shall not commingle the money of the fund with any other money. Interest or profit accruing from investment of money in the account shall be credited to the account. Money in the account does not cancel and is appropriated to the director for the purposes of sections 60 to 65.*

Subd. 2. [LIABILITIES OF THE FUND.] Payment of losses sustained by and liabilities incurred by the fund shall be made solely from money in the account.

All operating expenses, including salaries for employees and rent for facilities shall be paid from money in the account. General fund revenue shall not be used to pay any losses sustained by, liabilities incurred by, or operating expenses of the fund, except as provided by section 72, subdivision 2.

Sec. 65. [176A.10] [REPORTS.] *The board shall report to the governor and legislature by November 15 of each even numbered year. The report shall contain information on the condition of the fund, including incurred losses, investment return, adequacy of reserves, number of policies written and other information deemed appropriate. The report may also contain recommendations designed to improve the operation of the fund."*

Page 71, line 6, delete "association" and insert "Minnesota compensation insurance fund"

Page 71, line 7, delete "\$6,000,000" and insert "\$12,000,000"

Page 71, line 10, delete "association" and insert "fund"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, delete everything after "a" and insert "state compensation insurance fund"

Page 1, line 17, delete everything before the semicolon

The question was taken on the adoption of the first portion of the Nichols amendment.

The roll was called, and there were yeas 7 and nays 43, as follows:

Those who voted in the affirmative were:

Anderson
Nichols

Penny
Pillsbury

Schaaf

Strand

Wegener

Those who voted in the negative were:

Ashbach	Frederick	Knaak	Olhoft	Spear
Bang	Gearty	Knoll	Olson	Staples
Benedict	Gunderson	Knutson	Perpich	Stokowski
Bernhagen	Hanson	Laufenburger	Purfeerst	Ueland, A.
Brataas	Humphrey	Lessard	Rued	Uiland, J.
Chmielewski	Johnson	Luther	Setzepfandt	Vega
Davies	Keefe, S.	Menning	Sieloff	Willet
Dieterich	Kirchner	Merriam	Sikorski	
Engler	Kleinbaum	Nelson	Solon	

The motion did not prevail. So the first portion of the amendment was not adopted.

Pursuant to Rule 21, Mr. McCutcheon moved that the following members be excused at 5:30 o'clock p.m. for a Conference Committee on H. F. No. 1495:

Messrs. McCutcheon, Sillers, Johnson, Hanson and Stokowski.

The motion prevailed.

The question was taken on the adoption of the second portion of the Nichols amendment.

The roll was called, and there were yeas 32 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	McCutcheon	Peterson	Stumpf
Benedict	Hughes	Menning	Schaaf	Vega
Chenoweth	Johnson	Merriam	Setzepfandt	Wegener
Chmielewski	Keefe, S.	Nichols	Sikorski	Willet
Coleman	Knoll	Ogdahl	Spear	
Gearty	Lessard	Olson	Stokowski	
Gunderson	Luther	Perpich	Strand	

Those who voted in the negative were:

Ashbach	Engler	Knutson	Purfeerst	Staples
Bang	Frederick	Laufenburger	Renneke	Tennessee
Bernhagen	Humphrey	Moe	Rued	Ueland, A.
Brataas	Jensen	Nelson	Schmitz	Uiland, J.
Davies	Kirchner	Olhoft	Sieloff	
Dieterich	Kleinbaum	Penny	Sillers	
Dunn	Knaak	Pillsbury	Solon	

The motion did not prevail. So the second portion of the amendment was not adopted.

Mr. Frederick moved to amend S. F. No. 917 as follows:

Page 71, line 8, delete "five percent per year" and insert "the rate specified in section 47.20, subdivision 4(1)"

Page 71, line 9, delete "30" and insert "20"

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

Mr. Davies moved to amend S. F. No. 917 as follows:

Page 20, line 6, delete everything after the comma

Page 20, delete lines 7 to 10 and insert "at least three"

Page 69, line 25, delete "One judge shall"

Page 69, delete lines 26 to 31

The motion prevailed. So the amendment was adopted.

Mr. Dunn moved to amend S. F. No. 917 as follows:

Page 43, line 22, delete "25" and insert "22"

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

Mr. Olson moved to amend S. F. No. 917 as follows:

Page 8, after line 13, insert:

"Sec. 9. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.221] [INDEPENDENT CONTRACTORS; PAYROLL DETERMINATION.] *Subdivision 1. Pursuant to the contested case procedures in sections 15.0411 to 15.052, the commissioner may establish a formula to be used to determine the remuneration of independent contractors whose actual payroll cannot be determined.*

Subd. 2. A formula established under subdivision 1 for independent contractors engaged in trucking may be established by using the average hourly earnings for employees in the trucking and warehousing industry, as determined by the Minnesota department of economic security or other reliable sources."

Renumber the sections in sequence

Correct all internal references

The motion prevailed. So the amendment was adopted.

Mr. Peterson moved to amend S. F. No. 917 as follows:

Page 65, after line 27, insert:

"*Subd. 3. If after six months from the effective date of the first policy issued by the association, the association's assets are adequate to provide coverage to additional employers, it may provide this coverage to a private employer who for any reason is unable to self insure pursuant to section 176.181, subdivision 2. A private employer who obtains coverage under this subdivision is a member of the association.*"

Renumber the subdivisions in sequence

The motion prevailed. So the amendment was adopted.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused for a Conference Committee on H. F. No. 1518:

Messrs. Spear, Moe, Perpich, Solon and Kirchner. The motion prevailed.

Mrs. Brataas moved to amend S. F. No. 917, as follows:

Page 12, line 29, after "occurrence" insert "*provided that this \$100,000 shall be increased, to the nearest \$10,000, on October 1, 1980 and on each October 1 thereafter by the percentage increase in the state-wide average weekly wage for the previous calendar*

year as determined pursuant to this subdivision. Ultimate loss as used in this section means the actual loss amount which a member is obligated to pay and which is paid or payable by the member and shall not include claim expenses. An ultimate loss is incurred by the reinsurance association on the date on which the loss occurs.

For the purposes of this section state-wide average weekly wage means that wage determined by the commissioner in the following manner: On or before the July 1 preceding the October 1 on which the increase is to be applicable, the total wages reported to the department of economic security for the preceding 12 months ending on December 31 shall be divided by the total employment reported to that department for the same period to arrive at an average annual wage, which shall be divided by 52 to determine the state-wide average weekly wage."

The motion prevailed. So the amendment was adopted.

Mr. Frederick moved to amend S. F. No. 917, as follows:

Page 66, line 26, before "*deputy*" delete the comma and insert "*and*" and delete "*and five additional positions*"

Page 66, line 27, delete "*reporting directly to the director,*"

Page 66, line 28, delete "*The five additional unclassified positions*"

Page 66, delete lines 29 to 31

Page 67, line 18, delete "*director*" and insert "*board*"

The motion prevailed. So the amendment was adopted.

Mrs. Brataas moved to amend S. F. No. 917, as follows:

Page 16, delete lines 21 through 33

Page 17, delete lines 1 through 4 and insert:

"[79.37] [BOARD OF DIRECTORS.] A board of directors of the reinsurance association is created and shall be responsible for the operation of the reinsurance association consistent with the plan of operation and sections 13 to 21. The board shall consist of seven directors and the commissioner of insurance who shall be an ex officio member with vote. The board shall represent stock and mutual insurers, foreign and domestic insurers and self-insurers. Each board member shall be entitled to one vote, except as provided otherwise. Each director shall be elected by the membership with voting rights apportioned according to volume of premium written within each of the categories specified in this section. Terms of the directors shall be staggered so that the terms of all the directors do not expire at the same time and so that a director does not serve a term of more than four years. The board shall select a chairman and other officers it deems appropriate.

A majority of the board shall constitute a quorum, notwithstanding any vacancies. Action may be taken by a majority vote of the directors appointed."

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

Mrs. Brataas then moved to amend S. F. No. 917, as follows:

Page 16, delete lines 21 through 33

Page 17, delete lines 1 through 4 and insert:

"[79.37] [BOARD OF DIRECTORS.] A board of directors of the reinsurance association is created and shall be responsible for the operation of the reinsurance association consistent with the plan of operation and sections 13 to 21. The board shall consist of ten directors and the commissioner of insurance who shall be an ex officio member with vote. The board shall represent stock and mutual insurers, foreign and domestic insurers and self-insurers. Six directors shall represent insurers. Two shall represent employers and two shall represent employees. Each board member shall be entitled to one vote, except as provided otherwise. Each director shall be elected by the membership with voting rights apportioned according to volume of premium written within each of the categories specified in this section. Terms of the directors shall be staggered so that the terms of all the directors do not expire at the same time and so that a director does not serve a term of more than four years. The board shall select a chairman and other officers it deems appropriate.

A majority of the board shall constitute a quorum, notwithstanding any vacancies. Action may be taken by a majority vote of the directors appointed."

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

Mr. Frederick moved to amend S. F. No. 917, as follows:

Page 65, line 20, delete "VOLUNTARY GROUP"

Page 65, line 21, delete "SELF-INSURANCE ASSOCIATION" and insert "STATE COMPETITIVE FUND"

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

S. F. No. 917: A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increasing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance; establishing a reopened case fund; establishing a voluntary group self-insurance association; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, Subdivision

2, and by adding subdivisions; 79.095; 79.10; 79.21; 79.22, by adding a subdivision; 79.25; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.081, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivision 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179; 176.181, Subdivision 2, and by adding a subdivision; 176.191; 176.231, Subdivisions 1 and 2; 176.235, Subdivision 1; 176.241; 176.271; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding a section; repealing Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7.

Was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 48 and nays 17, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Menning	Peterson	Staples
Benedict	Humphrey	Merriam	Purfeerst	Stokowski
Chenoweth	Johnson	Moe	Renneke	Strand
Chmielewski	Keefe, S.	Nelson	Schaaf	Stumpf
Coleman	Kleinbaum	Nichols	Schmitz	Tennessee
Davies	Knoll	Ogdahl	Setzepfandt	Vega
Dieterich	Laufenburger	Olhoft	Sieloff	Wegener
Gearty	Lessard	Olson	Sikorski	Willet
Gunderson	Luther	Penny	Solon	
Hanson	McCutcheon	Perpich	Spear	

Those who voted in the negative were:

Ashbach	Dunn	Keefe, J.	Pillsbury	Ulland, J.
Bang	Engler	Kirchner	Rued	
Bernhagen	Frederick	Knaak	Sillers	
Brataas	Jensen	Knutson	Ueland, A.	

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

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

Without objection, the Senate reverted to the Order of Business of Reports of Committees and Second Reading of House Bills.

REPORTS OF COMMITTEES

Mr. Coleman moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe from the Committee on Finance, to which was referred

H. F. No. 990: A bill for an act relating to energy; clarifying the procedures for declaring an energy emergency; prescribing the

powers of the governor and executive council in an emergency; providing for the issuance of emergency rules by the director of the energy agency; prescribing additional elements of the energy emergency conservation and allocation plan; providing for earth sheltered construction zoning variances; prohibiting local governments from banning earth sheltered construction; requiring certain building energy reports and audits; providing for an adult and post-secondary energy education plan; limiting the time for application for certain variances; providing a method for determining certain efficiencies for air conditioners; providing partial funding to school districts, municipalities and counties for energy audits and energy conservation measures; requiring the commissioner of administration to prepare plans for new buildings that utilize alternative energy sources; establishing a state building solar demonstration program; requiring notice to the Minnesota energy agency of the proposed discontinuance of municipal steam heat systems; appropriating funds to the energy agency for various energy related purposes; prescribing a penalty; authorizing a weatherization program for low-income persons; amending Minnesota Statutes 1978, Sections 12.02, Subdivision 1; 12.03, Subdivision 4, and by adding a subdivision; 12.21, Subdivisions 1 and 3, and by adding a subdivision; 12.28; 12.32; 16.32, by adding a subdivision; 116H.02, Subdivisions 3 and 5, and by adding subdivisions; 116H.08; 116H.09, Subdivisions 1, 4, and 5; 116H.11; 116H.12, Subdivisions 1a, 1b, 3a, 3b, and 10; 116H.122; 116H.123; 116H.124; 116H.126; 116H.13; 116H.15; 120.78, Subdivision 1; 325.989, by adding a subdivision; 394.25, Subdivision 3; 394.27, Subdivision 7; 451.09; 462.357, Subdivisions 1 and 6; 462A.02, by adding a subdivision; and Chapter 116H, by adding a section; and Chapter 268, by adding a section; repealing Minnesota Statutes 1978, Section 116H.125.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Chapter 116H, is amended by adding a section to read:

[116H.088] [POST-SECONDARY ENERGY EDUCATION.]
Subdivision 1. The director, in consultation with the state board of education, the higher education coordinating board, the state board for community colleges, the state university board, and the board of regents of the university of Minnesota, shall develop a plan for adult and post-secondary energy education.

Subd. 2. The plan shall include:

(a) An identification of adult and post-secondary energy education needs;

(b) The development of adult and post-secondary energy education priorities;

(c) A format for the delivery of adult and post-secondary energy education programs that minimizes duplication of effort by the agencies listed in subdivision 1;

(d) A process for coordination of the acquisition, development, and dissemination of instructional materials and curricula that minimizes duplication of effort by the agencies listed in subdivision 1;

(e) A review of the existing uses of state and federal money to address adult and post-secondary energy education, and a recommendation of future needs for money; and

(f) A recommendation for a process to determine the effectiveness of the adult and post-secondary energy education efforts.

Sec. 2. Minnesota Statutes 1978, Section 116H.124, is amended to read:

116H.124 [LOCAL GOVERNMENT BUILDING ENERGY REPORTS AND AUDITS.] *Subdivision 1. Before January 1, 1980, The governing body of each city and county shall complete a survey of building energy report for all existing city owned or county owned buildings within their respective jurisdictions which buildings are heated by oil, coal, electric, or gas units. Buildings heated by oil or interruptable gas shall be surveyed first. The survey shall determine, based upon a formula specified by the director, the estimated remaining useful life of each building, together with the present degree and estimated cost of compliance with the energy conservation standards promulgated pursuant to section 116H.121. The governing body of a city or county may contract with any municipal building official appointed pursuant to section 16.861, or with the state building inspector to perform the energy conservation survey. Each governing body shall estimate, based upon a formula specified by the director, the annual potential savings in fuel procurement costs for existing heating and cooling systems, which savings would be realized for each building within its jurisdiction if that building were improved to comply with the energy conservation standards. The building energy report shall be recorded on a form furnished by the director. Each governing body shall file the energy conservation survey and estimated fuel procurement data for at least half the buildings within its jurisdiction building energy report with the director before December 31, 1978, and all remaining buildings by December 31, 1979, for his review and comment analysis.*

Subd. 2. [MAXI-AUDITS AND MINI-AUDITS.] By June 30, 1980, based upon analysis of the building energy reports, the director shall indicate to the governing body of each city and county those buildings upon which a mini-audit or a maxi-audit, or both, shall be performed. The results of the mini-audit or maxi-audit shall be recorded on a form furnished by the director and filed with the director by December 31, 1982.

Subd. 3. [CERTIFICATION OF AUDITORS.] The director may certify persons to perform mini-audits and maxi-audits and to complete the building energy reports.

Subd. 4. [ACCEPTANCE OF EQUIVALENT ENERGY SURVEY.] The director may accept the results of an equivalent energy

survey in place of the building energy report, mini-audit, or maxi-audit required under this section.

Sec. 3. Minnesota Statutes 1978, Section 116H.126, is amended to read:

116H.126 [PUBLIC SCHOOL BUILDING ENERGY REPORTS AND AUDITS.] *Subdivision 1. Before January 1, 1980, Each school district shall complete a survey of building energy report for all existing public school buildings which it owns or operates and which are heated by oil, gas, coal, or electric units in order to determine the estimated remaining useful life of each building, together with the present degree and estimated cost of compliance with the energy conservation standards promulgated pursuant to section 116H.121. Buildings heated by oil or interruptable gas shall be surveyed first. The results of the energy conservation survey building energy report shall be recorded on a form furnished by the director. A school district may contract with any municipal building official appointed pursuant to section 16.961 or with the state building inspector to perform the energy conservation survey. Each school district shall estimate, based upon a formula specified by the director, the annual savings in fuel procurement costs for existing heating and cooling systems, which savings would be realized for each public school building within the district if it were improved to comply with the energy conservation standards. Each school district shall file the energy conservation survey and estimated fuel procurement data for at least half the public school buildings within the district building energy reports with the director before December 31, 1978, and all remaining buildings by December 31, 1979, for his review and comment analysis.*

Subd. 2. [MAXI-AUDITS AND MINI-AUDITS.] By July 1, 1980, based upon the analysis of the building energy reports, the director shall indicate to each school district those buildings upon which a mini-audit or maxi-audit, or both, shall be performed. The results of the mini-audit or maxi-audit shall be recorded on a form furnished by the director and filed with the director by December 31, 1982.

Subd. 3. [CERTIFICATION OF AUDITORS.] The director may certify persons to perform mini-audits and maxi-audits and to complete the building energy reports.

Subd. 4. [ACCEPTANCE OF EQUIVALENT ENERGY SURVEYS.] The director may accept the results of an equivalent energy survey in place of the building energy report and mini-audit or maxi-audit required under this section.

Subd. 5. [SCHOOL DISTRICTS INTENDING TO CLOSE PUBLIC SCHOOL BUILDINGS.] A school district intending to permanently close or otherwise discontinue use of any existing public school building by January 1, 1985, is not required to comply with this section for those buildings, if a certification of intent to close the building is filed with the director.

Sec. 4. [STUDY OF CAPABILITY OF ENERGY MANAGEMENT PERSONNEL.] *The director shall conduct a study of the*

capabilities and level of training of school district energy management personnel. The report shall include recommendations and shall be submitted to the legislature by January 1, 1980.

Sec. 5. Minnesota Statutes 1978, Section 116H.129, Subdivision 1, is amended to read:

116H.129 [ENERGY CONSERVATION STANDARDS FOR EXISTING RESIDENCES.] Subdivision 1. Before ~~January 1, 1979~~ *August 1, 1980*, the commissioner of administration, in consultation with the director and the appropriate standing committees of the legislature, shall promulgate minimum energy efficiency standards for existing residences. The standards shall be economically feasible in that the resultant savings in energy procurement costs, based on current and projected average residential energy costs *including projected costs for fuel* in Minnesota as certified by the director in the state register, will exceed the cost of the energy conserving requirements amortized over the *five year ten-year* period subsequent to the incurring of such cost. The costs computed under this section shall include reasonable inflation and interest factors.

Sec. 6. [116H.21] [FUNDING FOR ENERGY AUDITS AND CONSERVATION MEASURES.] *Subdivision 1. [DEFINITIONS.] As used in sections 116H.124, 116H.126, this section, and section 7, the following terms have the meanings given them.*

Subd. 2. "Energy conservation measure" means an installation or modification of an installation in a building that is primarily intended to reduce energy consumption or allow the use of an alternative energy source. The measure must be one that a mini-audit or a maxi-audit of the building, as defined in subdivisions 5 and 6, indicates would reduce the consumption of energy. An "energy conservation measure" as defined in section 302 (a)(2) of the National Energy Conservation Policy Act, P.L. 95-619, is considered an energy conservation measure as defined in this subdivision.

Subd. 3. "Governing body" means the governing body of a statutory or home rule charter city or county.

Subd. 4. "Building energy report" means a questionnaire designed to collect information on a building concerning its energy use and other basic factors that relate to energy use.

Subd. 5. "Mini-audit" means a brief, on-site inspection designed to observe and record building energy use systems and related factors. The primary objective is to identify energy saving measures that can be implemented quickly and at low cost.

Subd. 6. "Maxi-audit" means a detailed engineering analysis of energy saving building improvements, including modifications to building structure; heating, ventilating and air conditioning systems; operation practices; lighting; and other factors that relate to energy use. The primary objective is to quantify the economic and engineering feasibility of energy saving improvements that require capital expenditures or major operational modi-

fications. "Technical assistance" as defined in section 302(a)(17) of the National Energy Conservation Policy Act, P.L. 95-619, is considered a maxi-audit.

Subd. 7. "School" means a public school district or an area vocational-technical institute.

Sec. 7. [116H.22] [PRIORITIES FOR FUNDING.] A school or local government may apply to the director to receive reimbursement for the actual costs of mini-audits or maxi-audits performed pursuant to sections 116H.124 and 116H.126. Applications shall be accompanied by a report on the energy using characteristics of the building and any other information the director may reasonably require. Notwithstanding any other law to the contrary, schools and local governments that submit their maxi-audits or mini-audits to the director by December 31, 1980, may use the state money received to pay part or all of the actual costs of energy conservation measures. If the applicant receives pursuant to the National Energy Conservation Policy Act, P.L. 95-619, federal money intended to be used to pay part or all of the costs of a mini-audit or maxi-audit, the applicant shall be paid state money in an amount that, when combined with federal money received, equals the actual cost of the mini-audit or maxi-audit. If appropriations are not sufficient to cover the costs of all audits for which reimbursement is requested, money shall be allocated to acceptable applicants in accordance with criteria established by the director of the energy agency, the department of education, and representatives of governing bodies and schools. Criteria may include, but are not limited to, population, number of students, amount of grant request, condition of facility, type of facility, and type of energy conservation measure for which money is requested.

Sec. 8. Minnesota Statutes 1978, Chapter 268, is amended by adding a section to read:

[268.37] [COORDINATION OF RESIDENTIAL WEATHERIZATION PROGRAM.] Subdivision 1. The department of economic security is the state agency to apply for, receive, and disburse federal money made available to the state by federal law or rules promulgated thereunder for the purpose of weatherizing the residences of low-income persons. The commissioner of economic security shall coordinate available federal money with any state money appropriated for this purpose.

Subd. 2. The commissioner shall make grants to community action agencies and other public or private nonprofit agencies for the purpose of weatherizing the residences of low-income persons. Grant applications shall be submitted in accordance with rules developed pursuant to 42 U.S.C., 6861-6872, any other relevant federal weatherization program, and rules promulgated by the commissioner.

Subd. 3. The commissioner shall promulgate all rules necessary to administer the grants program by July 1, 1979. The rules shall describe: (a) procedures for the administration of grants,

(b) data to be reported by grant recipients, and (c) other matters the commissioner finds necessary for the proper administration of the grant program including compliance with relevant federal regulations. Weatherization assistance shall be given to households where the total income does not exceed 125 percent of the poverty level as updated by the federal office of management and budget poverty guidelines.

Sec. 9. [REPORTS.] *The commissioner shall submit reports to the legislature by March 1, 1980, and March 1, 1981, evaluating the weatherization program. The reports shall describe: (a) the number of households weatherized, (b) the average cost per household, (c) any change in energy consumption after weatherization, (d) outreach efforts, and (e) any other information the commissioner feels is relevant including information routinely submitted to the federal government.*

Sec. 10. Minnesota Statutes 1978, Section 451.09, is amended to read:

451.09 [STEAM HEAT SYSTEMS; DISCONTINUANCE OR CONVERSION.] *Subdivision 1. Any steam heat system operated by a public utilities board or commission in any home rule charter city may be discontinued in whole or in part at the discretion of such board or commission. Funds may be expended at the discretion of such board or commission to compensate persons to whom service is discontinued for the expense of converting to some other type of heat system. Prior to exercising any of the authority granted by this section, the public utilities board or commission shall obtain the approval of the governing body of the city. The authority granted by this section shall apply notwithstanding any statute, city charter, or other law to the contrary. This section subdivision shall not apply to Austin, Marshall and Virginia.*

Subd. 2. The public utilities board or commission shall inform the energy agency of its plans to discontinue operation at least two years prior to the intended date of discontinuance of operation. If a public utilities board or commission decides to discontinue operation of a steam heat system prior to July 1, 1981, it shall notify the director of the energy agency within 60 days of its decision.

Sec. 11. [PILOT ETHANOL PRODUCTION PLANT.] *The energy agency shall issue a request for proposals for the construction and operation of a small scale pilot plant for the production of ethanol. The plant shall operate and produce ethanol from more than one resource, though not necessarily simultaneously. One of the resources must be agricultural, forest, or wetland residue such as, but not limited to, corn stalks, straw, cattails or timber slash. The pilot plant shall be portable and demonstrated around the state with literature explaining the process and illustrating possible designs for plants producing one million gallons per year or less. The plant shall operate for at least two years. A final report shall be provided to the Minnesota energy agency*

in October, 1981. The department of biochemistry at the University of Minnesota shall provide instrumentation and monitor the processes. The department of mechanical engineering shall test the fuel in internal combustion engines and provide horsepower, fuel consumption, and related data. Each organization shall provide a written report to the Minnesota energy agency, which shall in turn assemble all information for a report to the legislature in January, 1982.

Sec. 12. [APPROPRIATIONS.] Subdivision 1. The sum of \$15,447,000 is appropriated from the general fund to the agencies and for the purposes indicated, to be available until June 30, 1981, except as otherwise provided in this section.

Subd. 2. Energy Agency

(a) Develop a plan for adult and post-secondary energy education and implement adult energy education activities \$60,000

Approved Complement—1 unclassified position for this biennium only.

(b) Energy audits and conservation measures \$10,000,000

Of this appropriation, \$713,700 is for program administration.

Approved Complement—13 unclassified positions for this biennium only.

(c) Energy accounting system for schools and local governments, and training courses for local government and school personnel on energy accounting methods \$40,000

(d) Report on study of level of training and capabilities of local government and school energy management personnel \$10,000

(e) Research on district heating systems \$100,000

Approved Complement—2 unclassified positions for this biennium only.

(f) Engineering analyses of steam heat systems \$50,000

(g) Match federal money for district heating system projects \$250,000

Money from this appropriation is available for a project when the federal government issues a letter of intent to finance the project at the rate of \$3 federal for each \$1 state.

(h) Administer and monitor the ethanol study and pilot project, to be available until expended \$10,000

(i) Construct and operate a pilot plant for the production of ethanol, to be available until expended \$100,000

Subd. 3. Department of Economic Security Co-ordinate residential weatherization program \$4,800,000

No more than six percent of this appropriation shall be used for administrative costs of the program.

Subd. 4. University of Minnesota

(a) Department of biochemistry—Instrument and monitor the pilot plant for the production of ethanol \$18,000

(b) Department of mechanical engineering—Product testing for the pilot plant \$4,000

(c) Agricultural extension service—Publications for farmers and the general population on the research and pilot plant operation \$5,000

(d) The appropriations in this subdivision are available until expended."

Amend the title as follows:

Delete the title in its entirety and insert

"A bill for an act relating to energy; providing for an adult and post-secondary energy education plan; requiring certain building energy reports and audits; providing partial funding to school districts, municipalities and counties for energy audits and energy conservation measures; changing energy conservation standards for existing residential buildings; authorizing a weatherization program for low income persons; requiring notice to the Minnesota energy agency of the proposed discontinuance of municipal steam heat systems; providing for a pilot project in ethanol production; appropriating money; amending Minnesota Statutes 1978, Sections 116H.124; 116H.126; 116H.129, Subdivision 1; 451.09; Chapters 116H, by adding a section; and 268, by adding a section."

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

Mr. Coleman from the Subcommittee on Bill Scheduling, to which were referred S. F. Nos. 435, 510, 654, 272, 844, 1344, 390, and H. F. Nos. 633, 913, 1236 makes the following report:

That the above Senate Files and House Files be placed on the General Orders Calendar in the order indicated.

That there were no other bills before the Subcommittee on which floor action was requested. Report adopted.

APPOINTMENTS

Mr. Coleman from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H. F. No. 1329: Messrs. Solon; Ulland, J.; and Chmielewski.

H. F. No. 624: Mrs. Brataas, Messrs. Lessard, and Stumpf.

S. F. No. 1047: Messrs. Pillsbury, Laufenburger, and Vega.

Mr. Coleman moved that the foregoing appointments be approved. The motion prevailed.

SECOND READING OF HOUSE BILLS

H. F. No. 990 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

RECONSIDERATION

Mr. Anderson moved that the vote whereby H. F. No. 797 failed to pass the Senate on May 15, 1979, be now reconsidered. The motion prevailed.

Mr. Anderson moved that H. F. No. 797 be laid on the table. The motion prevailed.

RECESS

Mr. Coleman moved that the Senate do now recess until 8:00 o'clock p.m. The motion prevailed.

The hour of 8:00 o'clock p.m. having arrived, the President called the Senate to order.

Pursuant to Rule 21, Mr. Humphrey moved that the following members be excused at 8:00 o'clock p.m. for a Conference Committee on S. F. No. 1510:

Messrs. Humphrey; Dunn; Keefe, S.; Chenoweth and Willet. The motion prevailed.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused at 8:00 o'clock p.m. for a Conference Committee on H. F. No. 1518:

Messrs. Moe, Perpich, Solon, Kirchner and Spear. The motion prevailed.

CALL OF THE SENATE

Mr. Tennessen imposed a call of the Senate. The following Senators answered to their names:

Ashbach	Hughes	Menning	Schaaf	Vega
Benedict	Keefe, S.	Nelson	Schmitz	Wegener
Davies	Kirchner	Nichols	Sieloff	Willet
Dieterich	Kleinbaum	Olhoft	Sillers	
Dunn	Knaak	Olson	Strand	
Gearty	Lessard	Penny	Stumpf	
Gunderson	Luther	Perpich	Tennessen	

The Sergeant at Arms was instructed to bring in the absent members.

Without objection, the Senate reverted to the Order of Business of Messages from the House, Reports of Committees and Second Reading of Senate Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 1351: A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1; and Chapter 473, by adding sections; repealing Minnesota Statutes 1978, Section 473.568.

Six members of the House have been appointed to such committee on the part of the House as follows:

Patton; Jude; Jacobs; Schreiber; Carlson, D. and Evans.

Senate File No. 1351 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1979

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 856: A bill for an act relating to public health; authorizing waiver of minimum health maintenance organization requirements for demonstration projects; amending Minnesota Statutes 1978, Chapter 62D, by adding a section.

Four members of the House have been appointed to such committee on the part of the House as follows:

Carlson, L.; Swanson; Kaley and Drew.

Senate File No. 856 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1979

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 450: A bill for an act relating to probate; clarifying the form for a self-proved will; amending Minnesota Statutes 1978, Section 524.2-504.

Four members of the House have been appointed to such committee on the part of the House as follows:

Faricy, Jude, Peterson and Crandall.

Senate File No. 450 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 17, 1979

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 317: A bill for an act relating to highway traffic regulations; passing a stopped school bus displaying stop arm signals; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Section 169.44, by adding a subdivision.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows:

Wenzel, Faricy, Rose and Onnen.

House File No. 317 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 17, 1979

Mr. Wegener moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 317, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Keefe, S. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 1519: A bill for an act relating to state government; setting wage and fringe benefits to employees in the executive and

judicial branches of state government; ratifying certain collective bargaining agreements; making changes in the state civil service and personnel laws; making changes in public employment labor relations law; changing the duties of the public employment relations board; creating a legislative commission on employee relations; providing for a study of state employment and labor relations practices; providing for attrition in state funded personnel positions; transferring certain duties from the public service commission to the department of agriculture; appropriating money; amending Minnesota Statutes 1978, Sections 15.0411, Subdivision 2; 15A.081, Subdivision 1; 15A.13; 16A.123; 43.01, Subdivisions 10, 11, 14 and by adding a subdivision; 43.05, Subdivision 2; 43.055; 43.064; 43.067, Subdivision 3; 43.09, Subdivisions 2 and 2a; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 15, 16, 17, 23, 24, 25 and by adding subdivisions; 43.122, Subdivision 5; 43.127, Subdivision 6; 43.15, Subdivision 5; 43.17, Subdivisions 3 and 4a; 43.19; 43.20, Subdivisions 3 and 5; 43.227; 43.24; 43.32, Subdivision 4; 43.327, Subdivisions 2 and 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.47, Subdivision 2; 43.491, Subdivision 5; 43.50, Subdivision 1; 43.51; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.64, Subdivisions 5 and 7; 179.65, Subdivision 6; 179.66, Subdivision 1; 179.67, Subdivisions 3, 13 and by adding a subdivision; 179.68, Subdivision 1; 179.72; 179.74, Subdivisions 4 and 5; 223.02; 229.01, Subdivision 2; 229.07; 231.01, Subdivisions 1 and 2; 232.01, Subdivision 1; 233.01, Subdivision 1; 233.03; 234.02; 234.10; 235.01; 236.01, Subdivision 5; 299D.03, Subdivisions 2, 3 and 9; 355.12; 355.17; 355.207; 355.23, Subdivision 3; 355.286; 355.295; 355.308; 355.45; 355.60; 355.76; 645.44, Subdivision 5; Chapter 3, by adding a section; and Chapter 179, by adding a section; repealing Minnesota Statutes 1978, Sections 43.03; 43.06; 43.062; 43.063; 43.064; 43.065; 43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12; 43.121; 43.122; 43.126; 43.127; 43.128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.245; 43.321; 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 43.44; 43.45; 43.46; 43.48; 43.49; 43.50; 43.51; and 179.72, Subdivision 1a.

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

Page 2, after line 14, insert:

"ARTICLE I"

Page 5, line 16, delete everything before "*Minnesota*"

Page 5, line 26, delete "*Each state agency shall submit to*"

Page 5, line 27, delete the comma and insert "*shall submit to*"

Page 5, line 30, delete "*its*" and insert "*the*"

Page 5, line 30, delete "*employees*" and insert "*state funded positions*"

Page 5, line 33, delete "*the effect of*" and insert "*how*"

Page 6, line 1, delete everything before the comma and insert "*coordinate with departmental long range program plans*"

Page 6, after line 3, insert:

"The commissioner of finance shall, in consultation with the commissioner of personnel, prescribe procedures by which each state agency shall submit to the commissioner of finance the information necessary for him to comply with sections 3 to 7. The position reduction program shall be integrated to the extent possible with the program budgeting system and the evaluation of program functions conducted as part of the budgeting process."

Page 6, line 13, delete "*Each state agency shall*"

Page 6, line 14, delete "*reduce*"

Page 6, line 14, after "*the*" insert "*total*"

Page 6, line 14, delete "*its*"

Page 6, line 15, after "*1981*" insert "*, shall be reduced*"

Page 7, line 20, delete everything after "*finance*" and insert a period

Page 7, delete lines 21 and 22

Page 10, line 33, delete "*32,500*"

Page 11, line 1, delete "*32,500*"

Page 46, delete lines 11 to 17

Page 92, after line 21, insert:

"The bonus provided by this section shall not be considered as salary for the purposes of section 352.01, subdivision 13."

Page 94, delete section 120

Page 95, line 14, after the dollar sign insert "*100,000*"

Page 95, line 17, after the dollar sign insert "*200,000*"

Page 95, line 19, before "*Sections*" insert "*The effective dates for Article I are as follows:*"

Page 95, line 23, delete "*this*"

Page 95, line 24, delete "*act*" and insert "*Article I*"

Page 96, line 3, delete "*The provisions of section 115, clause (4)*"

Page 96, delete lines 4 and 5

Page 96, line 5, after the period, insert "*The provisions of section 137.02, subdivision 4, shall not apply to sections 99 to 117*"

Page 96, after line 5, insert:

"ARTICLE II

Section 1. Minnesota Statutes 1978, Section 15A.081, is amended to read:

15A.081 [SALARIES AND SALARY RANGES FOR CERTAIN EMPLOYEES.] Subdivision 1. The following salaries or salary ranges are provided for the below listed employees in the executive branch of government:

		Base Salary or Range	
		Effective July 1, 1979	Effective July 1, 1980
Administration, department of commissioner	\$41,000	\$44,000	\$47,000
Agriculture, department of commissioner	36,000	38,500	41,000
Attorney general, office of deputy attorney-general	23,000-42,000		
Commerce, department of commissioner of banks	22,000	34,000	36,500
commissioner of insurance	22,000	34,000	36,500
commissioner of securities	32,000	34,000	36,500
director of consumer services		28,000	30,000
executive secretary commerce commission	27,000		
Community college system chancellor	41,000	44,000	47,000
Corrections, department of commissioner	36,000	38,500	41,000
ombudsman	32,000	34,000	36,500
Crime prevention and control planning board, governor's commission on executive director	32,000	34,000	36,500
Economic development, department of commissioner	32,000	34,000	36,500
Economic security, department of commissioner	41,000	44,000	47,000
Education, department of commissioner	41,000	44,000	47,000
Energy agency director	36,000	38,500	41,000
Finance, department of commissioner	45,000	48,000	51,500
Health, department of commissioner	41,000	44,000	47,500
Hearing examiners office chief hearing examiner	36,000	38,500	41,000

	Base Salary or Range		
	Effective July 1, 1979	Effective July 1, 1980	
	\$	\$	\$
Higher education coordinating board executive director	36,000	38,500	41,000
Housing finance agency executive director	36,000	38,500	41,000
Human rights, department of commissioner	29,000	31,000	33,000
Indian affairs board executive director	25,000	27,000	28,500
Investment, board of executive secretary	41,000	44,000	47,000
Iron range resources and rehabilitation board commissioner	29,000	31,000	33,000
Labor and industry, department of commissioner	36,000	38,500	41,000
judge of the workers' compensation court of appeals	36,000	38,500	41,000
<i>Mediation services, bureau of director, mediation services</i>	29,000	31,000	33,000
Natural resources, department of commissioner	41,000	44,000	47,000
Personnel, department of commissioner	41,000	44,000	47,000
Planning agency director	41,000	44,000	47,000
Pollution control agency director	36,000	38,500	41,000
<i>Public employment relations board chairman</i>			33,000
<i>member</i>			33,000
Public safety, department of commissioner	36,000	38,500	41,000
Public service, department of commissioner, public service commission	32,000	34,000	36,500
director	32,000	34,000	36,500
Public welfare, department of commissioner	41,000	44,000	47,000

		Base Salary or Range	
		Effective July 1, 1979	Effective July 1, 1980
	\$	\$	\$
Revenue, department of commissioner	41,000	44,000	47,000
State university system chancellor	41,000	44,000	47,000
Transportation, department of commissioner	41,000	44,000	47,000
Veterans affairs, department of commissioner	29,000	31,000	33,000

Subd. 5. A deputy of a position listed in subdivision 1, ~~other than the attorney general~~, shall be paid a base salary equal to 90 percent of the salary of the head of that department or agency as listed in subdivision 1.

Subd. 6. The following salaries are provided for the constitutional officers of the state:

		Effective July 1, 1979	Effective July 1, 1980
Governor	\$58,000	\$62,000	\$66,500
Attorney general	40,000	52,500	56,000
Lieutenant governor	36,000	38,500	41,000
Auditor	30,000	38,500	41,000
Secretary of state	30,000	38,500	41,000
Treasurer	30,000	38,500	41,000

The salaries of the *chief deputy attorney general*, deputy auditor, deputy secretary of state and deputy treasurer shall be 90 percent of the salaries of their respective superior constitutional officers. ~~The deputies shall be eligible for achievement awards as provided in section 43.069.~~

Subd. 7. The following salaries are provided for officers of metropolitan agencies:

		Effective July 1, 1979	Effective July 1, 1980
Chairman, metropolitan council (part-time)	\$39,000	\$21,000	\$22,500
(full-time)		42,000	44,500
Chairman, metropolitan airports commission	10,000	10,500	11,500

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
	\$	\$	\$
Chairman, metropolitan transit commission	33,500		
<i>(part-time)</i>		18,000	19,000
<i>(full-time)</i>		36,000	38,000
Chairman, metropolitan waste control commission	15,000	16,000	17,000

Fringe benefits for unclassified employees of the metropolitan waste control commission shall not exceed those fringe benefits received by unclassified employees of the metropolitan council.

Sec. 2. Minnesota Statutes 1978, Section 15A.083, Subdivision 1, is amended to read:

15A.083 [SALARIES FOR POSITIONS IN THE JUDICIAL BRANCH.] Subdivision 1. [ELECTIVE JUDICIAL OFFICERS.] The following salaries shall be paid annually to the enumerated elective judicial officers of the state:

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
(1) Chief justice of the supreme court	\$52,000	\$56,000	\$59,000
(2) Associate justice of the supreme court	49,000	52,500	56,000
(3) District judge, judge of county court (learned in the law), probate court, and county municipal court	42,000	45,000	48,000
(4) Judge of a county court (not learned in the law)	27,000	29,500	31,500

Sec. 3. Minnesota Statutes 1978, Section 15A.083, Subdivision 2, is amended to read:

Subd. 2. [COUNTY COURT AND COUNTY MUNICIPAL JUDGES.] (1) Notwithstanding any other law to the contrary, the salary paid to a judge of a county court shall also be paid to judges of the probate court of St. Louis county and to judges of the Duluth municipal court.

(2) Judges of the county municipal courts, and county courts in the counties of Hennepin, Ramsey, Washington, Anoka, Scott, St. Louis, Carver and Dakota ~~shall receive a salary of \$42,000~~ shall receive a salary of \$45,000, effective July 1, 1979, and \$48,000, effective July 1 1980.

(3) If any judge enumerated in this subdivision dies while in office, the amount of his salary remaining unpaid for the month in which his death occurs, shall be paid to his estate.

Sec. 4. Minnesota Statutes 1978, Section 15A.083, Subdivision 4, is amended to read:

Subd. 4. [RANGES FOR OTHER JUDICIAL POSITIONS.] Salaries or salary ranges are provided for the following positions in the judicial branch of government. The appointing authority of positions any position for which ranges have a salary range has been provided shall fix the individual salaries under the provisions of section 15A.081, subdivision 2 salary within the prescribed range, considering the qualifications and overall performance of the employee. Appointments to fill vacancies shall not be made above the midpoint of the salary range prescribed for the position unless the personnel board has been consulted in advance and its approval obtained. Any salary increase that would adjust an employee's rate of pay beyond the midpoint of the range prescribed for the position must be approved in advance by the personnel board.

		Salary or Range	
		Effective July 1, 1979	Effective July 1, 1980
Public defender	\$35,000	\$37,500	\$40,000
District administrator	25,000-35,000	27,000-37,500	28,500-40,000
County attorneys council executive director	20,400-29,700	22,000-32,000	23,500-34,000
Board on judicial standards executive director		36,000	38,000
State court administrator		44,500	47,000

Sec. 5. Minnesota Statutes 1978, Section 43.067, Subdivision 4, is amended to read:

Subd. 4. [LIMIT ON POLITICAL SUBDIVISION SALARIES.] Notwithstanding any other law to the contrary, no salary of a person employed by a city, county, town, school district, metropolitan or regional agency, or other political subdivision of the state may exceed 110 percent of the highest salary of the commissioner of finance plus the maximum permissible achievement award under section 43.069 listed in section 15A.081, subdivision 1.

Sec. 6. Minnesota Statutes 1978, Section 43.126, Subdivision 1, is amended to read:

43.126 [SPECIAL RATES OF PAY.] Subdivision 1. Notwithstanding the provisions of sections 43.12 and 43.121 to 43.123, the

following salary ranges are established with annual salaries as shown:

Range A	\$29,000 \$32,000	to	\$40,500 \$45,000
Range B	\$35,500 \$37,000	to	\$48,000 \$54,000
Range C	\$40,000 \$42,000	to	\$57,500 \$67,500

Sec. 7. [TEMPORARY PROVISION.] *No incumbent whose salary is prescribed in section 15A.083 shall suffer a decrease in salary as a result of this act. If the midpoint of the salary range prescribed by section 15A.083 is less than the salary the incumbent is earning on the day prior to the effective date of this act, the incumbent shall continue to receive that salary for as long as he holds that position, but he shall not be eligible for increases (1) until his salary is no longer higher than the midpoint of the range for that position or (2) unless the personnel board approves an increase.*

Sec. 8. [REPEALER.] *Minnesota Statutes 1978, Section 15A.083, Subdivision 4a, is repealed.*

Sec. 9. *Article II is effective July 1, 1979."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 17, delete ", Subdivision 1"

Page 1, line 18, before "15A.13" insert "15A.083, Subdivisions 1, 2, and 4;"

Page 1, line 20, delete "Subdivision" and insert "Subdivisions" and after "3" insert "and 4"

Page 1, line 24, before "43.127" insert "43.126, Subdivision 1;"

Page 2, line 4, after "Sections" insert "15A.083, Subdivision 4a;"

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

SECOND READING OF SENATE BILLS

S. F. No. 1519 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Davies moved that S. F. No. 528 be taken from the table. The motion prevailed.

S. F. No. 528: A bill for an act relating to courts; conforming civil fees collected by the Hennepin county municipal court with the district court; amending Minnesota Statutes 1978, Section 488A.03, Subdivision 11.

Mr. Davies moved that the Senate do not concur in the amendments by the House to S. F. No. 528 and that a Conference Committee of 3 members be appointed by the Subcommit-

tee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

S. F. No. 219 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 219

A bill for an act relating to state government; abolishing achievement awards for commissioners and deputy constitutional officers; amending Minnesota Statutes 1978, Sections 15A.081, Subdivision 6; 43.062, Subdivision 3; and 43.067, Subdivision 4; repealing Minnesota Statutes 1978, Section 43.069.

May 16, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 219, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 219 be further amended as follows:

Page 2, line 24, delete "110" and insert "105"

Further, amend the title as follows:

Page 1, line 2, after "state" insert "and local"

Page 1, line 3, after "for" insert "state"

Page 1, line 4, after "officers;" insert "modifying salary limitations on employees of certain political subdivisions;"

We request adoption of this report and repassage of the bill.

Senate Conferees (Signed): Tom A. Nelson, John C. Chenoweth,
Robert O. Ashbach

House Conferees (Signed): Leo J. Reding, Stephen G. Wenzel,
Gilbert D. Esau, Kenneth P. Zubay

Mr Nelson moved that the foregoing recommendations and Conference Committee Report on S. F. No. 219 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 219: A bill for an act relating to state government; abolishing achievement awards for commissioners and deputy

constitutional officers; amending Minnesota Statutes 1978, Sections 15A.081, Subdivision 6; 43.062, Subdivision 3; and 43.067, Subdivision 4; repealing Minnesota Statutes 1978, Section 43.069.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Menning	Purfeerst	Stokowski
Bang	Gearly	Merriam	Renneke	Strand
Benedict	Gunderson	Moe	Rued	Stumpf
Bernhagen	Hanson	Nelson	Schaaf	Tennessee
Brataas	Hughes	Nichols	Schmitz	Ueland, A.
Chenoweth	Keefe, S.	Olhoft	Setzepfandt	Ulland, J.
Coleman	Kleinbaum	Olson	Sieloff	Vega
Davis	Knaak	Penny	Sikorski	Wegener
Dieterich	Lessard	Peterson	Sillers	Willet
Dunn	Luther	Pillsbury	Staples	

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Tennessee moved that H. F. No. 738 be taken from the table. The motion prevailed.

H. F. No. 738: A bill for an act relating to the collection and dissemination of data; classifying data; clarifying information practices; extending the period of time during which the emergency classifications of data may be made; defining terms; clarifying the duties of the responsible authority; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Sections 15.1642, Subdivisions 3 and 5; and 15.165; and Chapter 15, by adding sections; repealing Minnesota Statutes 1978, Sections 15.162; 15.163; 15.1641; 15.1642, Subdivision 4; 15.166; 15.167; 15.1671; 15.169; and 15.17, Subdivision 4.

Mr. Tennessee moved to amend H. F. No. 738 as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Section 15.162, Subdivision 1, is amended to read:

15.162 [COLLECTION, SECURITY AND DISSEMINATION OF RECORDS; DEFINITIONS.] Subdivision 1. As used in sections 15.162 to 15.1671 and sections 10 to 12, the terms defined in this section have the meanings given them.

Sec. 2. Minnesota Statutes 1978, Section 15.162, Subdivision 2a, is amended to read:

Subd. 2a. “Confidential data on individuals” means data which is: (a) made not public by statute or federal law applicable to the data and is inaccessible to the individual subject of that data; or

(b) collected by a civil or criminal investigative agency as part of an active investigation undertaken for the purpose of the commencement of a legal action, provided that the burden of proof as to whether such investigation is active or in anticipation of a legal action is upon the agency. Confidential data on individuals does not include arrest information that is reasonably contemporaneous with an arrest or incarceration. The provision of clause (b) shall terminate and cease to have force and effect with regard to the state agencies, political subdivisions, statewide systems, covered by the ruling, upon the granting or refusal to grant an emergency *a temporary* classification pursuant to section 15.1642 of both criminal and civil investigative data, or on July 31, 1979 1980 , whichever occurs first.

Sec. 3. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:

Subd. 10. "Designee" means any person designated by a responsible authority to be in charge of individual files or systems containing data on individuals.

Sec. 4. Minnesota Statutes 1978, Section 15.163, is amended to read:

15.163 [DUTIES OF RESPONSIBLE AUTHORITY.] Subdivision 1. [ANNUAL INVENTORY OF RECORDS.] *The responsible authority may appoint one or more designees to be in charge of each file or system containing data on individuals. On or before August 1, 1976, The responsible authority shall prepare a public document containing his name, title and address, and a description of each category of record, file, or process relating to private or confidential data on individuals maintained by his state agency, statewide system, or political subdivision. Forms used to collect private and confidential data shall be included in the public document. Beginning August 1, 1977 and annually thereafter, the responsible authority shall update the public document and make any changes necessary to keep it accurate maintain the accuracy of the document. The document shall be available from the responsible authority to the public in accordance with the provisions of section 15.17 .*

Subd. 2. The commissioner may require responsible authorities to submit copies of the public document required in subdivision 1, and may request additional information relevant to data collection practices, policies and procedures.

Subd. 3. [STANDARDS FOR COLLECTION AND STORAGE.] Collection, storage, use, and dissemination of data on individuals by political subdivisions, statewide systems and state agencies is limited to that necessary for the administration and management of programs specifically authorized by the legislature or local governing body, or mandated by federal law.

Subd. 4. [COLLECTION AND USE OF DATA; GENERAL RULE.] Private or confidential data on an individual shall not be collected, stored, used or disseminated by political subdivisions, statewide systems or state agencies for any purposes other than

those stated to the individual at the time of collection in accordance with section 15.165, except as provided in this subdivision.

(a) Data collected prior to August 1, 1975, and which have not been treated as public data, may be used and disseminated for the purposes for which the data was originally collected or for purposes which are specifically approved by the commissioner as necessary to public health, safety, or welfare.

(b) Private or confidential data may be used and disseminated to individuals or agencies specifically authorized access to that data by state or federal law subsequent to the collection of the data.

(c) Private or confidential data may be used and disseminated to individuals or agencies subsequent to the collection of the data when specifically approved by the commissioner as necessary to carry out a function assigned by law.

(d) Private data may be used by and disseminated to any person or agency if the individual subject or subjects of the data have given their informed consent. Whether a data subject has given informed consent shall be determined by rules of the commissioner. Informed consent shall not be deemed to have been given by an individual subject of the data by the signing of any statement authorizing any person or agency to disclose information about him or her to an insurer or its authorized representative, unless the statement is:

(1) In plain language;

(2) Dated;

(3) Specific as to the persons and agencies he or she is authorizing to disclose information about him or her who are known at the time the authorization is signed, and general as to others whose specific identity is not known at the time the authorization is signed;

(4) Specific as to the nature of the information he or she is authorizing to be disclosed;

(5) Specific as to the persons or agencies to whom he or she is authorizing information to be disclosed;

(6) Specific as to the purpose(s) for which the information may be used by any of the parties named in clause (5), both at the time of the disclosure and at any time in the future;

(7) Specific as to its expiration date which should be for a reasonable period of time, not to exceed one year, and in the case of life insurance or noncancelable or guaranteed renewable health insurance, two years after the date of the policy.

Subd. 5. [DATA PROTECTION.] The responsible authority shall (1) establish procedures to assure that all data on individuals is accurate, complete, and current for the purposes for which it was collected; and (2) establish appropriate security safeguards for all records containing data on individuals.

Subd. 6. [CONTRACTS.] Except as provided in section 10, in any contract between a governmental unit subject to this act and any person, when the contract requires that data on individuals be made available to the contracting parties by the governmental unit, that data shall be administered consistent with sections 15.162 to 15.1671 and sections 10 to 12. A contracting party shall maintain the data on individuals which it received according to the statutory provisions applicable to the data.

Subd. 7. [PREPARATION OF SUMMARY DATA.] The use of summary data derived from private or confidential data on individuals under the jurisdiction of one or more responsible authorities shall be permitted. Summary data is public. The responsible authority shall prepare summary data from private or confidential data on individuals upon the request of any person, provided that the request is in writing and the cost of preparing the summary data is borne by the requesting person. The responsible authority may delegate the power to prepare summary data (1) to the administrative officer responsible for any central repository of summary data; or (2) to a person outside of its agency if the person agrees in writing not to disclose, and the agency reasonably determines that the access will not compromise, private or confidential data on individuals.

Subd. 8. [PUBLICATION OF ACCESS PROCEDURES.] The responsible authority shall prepare a public document setting forth in writing the rights of the data subject pursuant to section 15.165 and the specific procedures in effect in the state agency, statewide system or political subdivision for access by the data subject to public or private data on individuals.

Sec. 5. Minnesota Statutes 1978, Section 15.1642, Subdivision 1, is amended to read:

15.1642 [TEMPORARY CLASSIFICATION.] Subdivision 1. [APPLICATION.] The responsible authority of a state agency, political subdivision or statewide system may apply to the commissioner for permission to classify data or types of data on individuals as private or confidential, for its own use and for the use of other similar agencies, political subdivisions or statewide systems on an emergency a temporary basis until a proposed statute can be acted upon by the legislature. The application for emergency temporary classification is public.

Upon the filing of an application for emergency temporary classification, the data which is the subject of the application shall be deemed to be classified as set forth in the application for a period of 30 days, or until the application is disapproved or granted by the commissioner, whichever is earlier.

Sec. 6. Minnesota Statutes 1978, Section 15.1642, Subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF APPLICATION.] An application for emergency temporary classification shall include and the applicant shall have the burden of clearly establishing at least the following information:

(a) That no statute currently exists which either allows or forbids classification as private or confidential;

(b) That data similar to that for which the *emergency temporary* classification is sought has been treated as either private or confidential by other state agencies or political subdivisions, and by the public or that release of the data would constitute an unwarranted intrusion into an individual's personal privacy, or render unworkable a program authorized by law ; and

(c) That a compelling need exists for immediate *emergency temporary* classification, which if not granted could adversely affect the public interest or the health, safety, well being or reputation of the data subject.

Sec. 7. Minnesota Statutes 1978, Section 15.1642, Subdivision 3, is amended to read:

Subd. 3. [DETERMINATION.] The commissioner shall either grant or disapprove the application for *emergency temporary* classification within 30 days after it is filed. If the commissioner disapproves the application, he shall set forth in detail his reasons for the disapproval, and shall include a statement of what classification he believes is appropriate for the data which is the subject of the application. Ten *Twenty* days after the date of the commissioner's disapproval of an application, the data which is the subject of the application shall become public data on individuals, unless the responsible authority submits an amended application for *emergency temporary* classification which requests the classification deemed appropriate by the commissioner in his statement of disapproval or which sets forth additional information relating to the original proposed classification. Upon the filing of an amended application, the data which is the subject of the amended application shall be deemed to be classified as set forth in the amended application for a period of 15 days or until the amended application is granted or disapproved by the commissioner, whichever is earlier. The commissioner shall either grant or disapprove the amended application within 15 days after it is filed. Five working days after the date of the commissioner's disapproval of the amended application, the data which is the subject of the application shall become public data on individuals. No more than one amended application may be submitted for any single file or system which contains data on individuals.

If the commissioner grants an application for *emergency temporary* classification, it shall become effective immediately, and the complete record relating to the application shall be submitted to the attorney general, who shall review the classification as to form and legality. Within 20 days, the attorney general shall approve the classification, disapprove a classification as confidential but approve a classification as private, or disapprove the classification. If the attorney general disapproves a classification, the data which is the subject of the classification shall become public data five working days after the date of the attorney general's disapproval.

Sec. 8. Minnesota Statutes 1978, Section 15.1642, Subdivision 5, is amended to read:

Subd. 5. [EXPIRATION OF EMERGENCY CLASSIFICATION.] *Emergency classifications granted before the effective date of this act are redesignated as temporary classifications. All emergency temporary classifications granted under this section prior to the effective date of this act and still in effect shall expire on July 31, 1979 1980 . No emergency classifications shall be granted after July 31, 1979. On or before January 15 of each year, the commissioner shall submit all temporary classifications granted in the prior year in bill form for legislative consideration. For purposes of this section, all temporary classifications granted prior to December 1, 1979, shall be treated as if they were granted in 1979. Unless enacted by law, each temporary classification so submitted shall expire one year after being granted and may not be renewed.*

Sec. 9. Minnesota Statutes 1978, Section 15.166, is amended to read:

15.166 [CIVIL PENALTIES.] Subdivision 1. Notwithstanding section 466.03, a political subdivision responsible authority or state agency which violates any provision of sections 15.162 to 15.1671 and sections 10 to 12 is liable to a person who suffers any damage as a result of the violation, and the person damaged may bring an action against the political subdivision, responsible authority , *statewide system* or state agency to cover any damages sustained, plus costs and reasonable attorney fees. In the case of a willful violation, the political subdivision , *statewide system* or state agency shall, in addition, be liable to exemplary damages of not less than \$100, nor more than \$1,000 \$10,000 for each violation. The state is deemed to have waived any immunity to a cause of action brought under sections 15.162 to 15.1671 and sections 10 to 12.

Subd. 2. A political subdivision, responsible authority , *statewide system* or state agency which violates or proposes to violate sections 15.162 to 15.1671 and sections 10 to 12 or section 15.17, subdivision 4 may be enjoined by the district court. The court may make any order or judgment as may be necessary to prevent the use or employment by any person of any practices which violate sections 15.162 to 15.1671 and sections 10 to 12 or section 15.17, subdivision 4 .

Subd. 3. An action filed pursuant to this section may be commenced in the county in which the individual alleging damage or seeking relief resides, or in the county wherein the political subdivision exists, or, in the case of the state, any county.

Subd. 4. *In addition to the remedies provided in subdivisions 1 to 3 or any other law, any person may bring an action in district court to compel compliance with sections 15.162 to 15.1671 and sections 10 to 12 and may recover costs and disbursements, including reasonable attorney's fees, as determined by the court.*

Sec. 10. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1691] [WELFARE DATA.] *Subdivision 1. [DEFINITIONS.] (a) "Directory information" means name of the patient, date admitted, general condition, and date released.*

(b) "Individual" means an individual pursuant to section 15.162, subdivision 4, but does not include a vendor of services.

(c) "Program" includes all programs for which authority is vested in a component of the welfare system pursuant to statute or federal law.

(d) "Welfare system" includes the department of public welfare, county welfare boards, human services boards, community mental health boards, state hospitals, state nursing homes, and persons, agencies, institutions, organizations and other entities under contract to any of the above agencies to the extent specified in the contract.

Subd. 2. [GENERAL.] Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(a) Pursuant to section 15.163;

(b) Pursuant to a valid court order;

(c) Pursuant to a statute specifically authorizing access to the private data;

(d) To cooperate with an investigation, prosecution, criminal or civil proceeding relating to the administration of a program;

(e) To determine eligibility, amount of assistance, and the need to provide services of a program to the individual;

(f) To administer federal funds or programs; or

(g) Between personnel of the welfare system working in the same program.

Subd. 3. [INVESTIGATIVE DATA.] Data collected, maintained, used or disseminated by the welfare system in an investigation, authorized by statute and relating to the enforcement of rules or law, is confidential pursuant to section 15.162, subdivision 2a, and shall not be disclosed except:

(a) Pursuant to section 15.163;

(b) Pursuant to statute or valid court order;

(c) To a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense.

After presentation in evidence at any public hearing, or if not presented, after final disposition of the charge, the data shall be public data on individuals.

Subd. 4. [LICENSING DATA.] All data pertaining to persons licensed or registered under the authority of the commissioner of public welfare, except for personal and financial data submitted by applicants and licensees under the home day care program and the family foster care program, is public data. Personal and financial data on home day care program and family foster care program applicants and licensees is private data pursuant to section 15.162, subdivision 5a.

Subd. 5. [MEDICAL DATA; CONTRACTS.] Data relating to the medical, psychiatric or mental health of any person, including diagnosis, progress charts, treatment received, case histories, and opinions of health care providers, which is collected, maintained, used or disseminated by a private health care provider under contract to any agency of the welfare system is private data on individuals, and is subject to the provisions of sections 15.162 to 15.1671, and this section, except that the provisions of section 15.165, subdivision 3, shall not apply.

Subd. 6. Access to medical data by the individual who is the subject of the data is subject to the provisions of section 144.335.

Subd. 7. [PUBLIC HOSPITALS; DIRECTORY INFORMATION.] If a person is a patient in a hospital pursuant to legal commitment, directory information is public data. If a person is a patient other than pursuant to commitment in a hospital controlled by a state agency or political subdivision, directory information is public data unless the patient requests otherwise, in which case it is private data on individuals.

Directory information about an emergency patient which is public under this subdivision shall not be released until a reasonable effort is made to notify the next of kin. Although an individual has requested that directory information be private, the hospital may release directory information to a law enforcement agency pursuant to a lawful investigation pertaining to that individual.

Subd. 8. [OTHER DATA.] Data collected, used, maintained or disseminated by the welfare system that is not data on individuals is public pursuant to section 15.17.

Sec. 11. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1692] **[PERSONNEL DATA.]** Subdivision 1. As used in this section, "personnel data" means data on individuals collected because the individual is or was an employee of or an applicant for employment by a state agency, statewide system or political subdivision.

Subd. 2. Except for employees described in subdivision 5, the following personnel data on current and former employees of a state agency, statewide system or political subdivision is public: name; actual gross salary; salary range; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description; education and

training background; previous work experience; date of first and last employment; the status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; and the final disposition of any disciplinary action and supporting documentation.

Subd. 3. Except for applicants described in subdivision 5, the following personnel data on current and former applicants for employment by a state agency, statewide system or political subdivision is public: veteran status; relevant test scores; rank on eligible list; job history; education and training; and work availability. Names of applicants shall be private data except when certified as eligible for appointment to a vacancy.

Subd. 4. All other personnel data is private data on individuals.

Subd. 5. All personnel data maintained by any state agency, statewide system or political subdivision relating to an individual employed as or an applicant for employment as an undercover law enforcement officer is private data on individuals.

Sec. 12. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1693] [EDUCATIONAL DATA.] *Subdivision 1. (a) "Educational data" means data on individuals maintained by a public educational agency or institution or by a person acting for the agency or institution which relates to a student, but does not include:*

(1) Records of instructional personnel which are in the sole possession of the maker thereof and are not accessible or revealed to any other individual except a substitute teacher, and are destroyed at the end of the school year;

(2) Records of a law enforcement unit of a public educational agency or institution which are maintained apart from the records described in clause (a) and are maintained solely for law enforcement purposes, and are not disclosed to individuals other than law enforcement officials of the jurisdiction; provided, that education records maintained by the educational agency or institution are not disclosed to the personnel of the law enforcement unit; or

(3) Records relating to a student who is employed by a public educational agency or institution which are made and maintained in the normal course of business, relate exclusively to the individual in that individual's capacity as an employee, and are not available for use for any other purpose.

(b) "Student" includes a person currently or formerly enrolled or registered, and applicants for enrollment or registration at a public educational agency or institution.

(c) "Substitute teacher" means an individual who performs on a temporary basis the duties of the individual who made the record, but does not include an individual who permanently succeeds the maker of the record in his position.

Subd. 2. Except as provided in subdivision 4, educational data is private data on individuals and shall not be disclosed except as follows:

- (a) Pursuant to section 15.163;*
- (b) Pursuant to a valid court order;*
- (c) Pursuant to a statute specifically authorizing access to the private data;*
- (d) To disclose information in health and safety emergencies pursuant to the provisions of 20 U.S.C. Sec. 1232g(b)(1)(I) and 45 C.F.R. Sec. 99.36 which are in effect on the effective date of this section; or*
- (e) Pursuant to the provisions of 20 U.S.C. 1232(g)(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3) and 45 C.F.R. Sec. 99.31, Sec. 99.32, Sec. 99.33, Sec. 99.34 and Sec. 99.35 which are in effect on the effective date of this section.*

Subd. 3. A student shall not have the right of access to private data provided in section 15.165, subdivision 3, as to financial records and statements of his parents or any information contained therein.

Subd. 4. Information designated as directory information pursuant to the provisions of 20 U.S.C. Sec. 1232 g and regulations adopted pursuant thereto which are in effect on the effective date of this section is public data on individuals.

Sec. 13. [REPEALER.] Minnesota Statutes 1978, Sections 15.1641; 15.1642, Subdivision 4; and 15.169; are repealed.

Sec. 14. [EFFECTIVE DATE.] This act is effective July 1, 1979."

Delete the title and insert:

"A bill for an act relating to collection and dissemination of data; classifying data; extending the period of time during which emergency classifications of data may be made; clarifying the duties of the responsible authority; providing remedies; amending Minnesota Statutes 1978, Sections 15.162, Subdivisions 1 and 2a, and by adding a subdivision; 15.163; and 15.1642, Subdivisions 1, 2, 3 and 5; 15.166; and Chapter 15, by adding sections; repealing Minnesota Statutes 1978, Sections 15.1641; 15.1642, Subdivision 4; and 15.169."

The motion prevailed. So the amendment was adopted.

Mr. Tennessen then moved to amend H. F. No. 738, as amended by the Senate, May 17, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1213.)

Page 16, after line 1, insert

"Sec. 13. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1694] [ATTORNEYS.] *Notwithstanding the provisions of Minnesota Statutes, Sections 15.162 to 15.17, the use, collection, storage, and dissemination of data by an attorney acting in his professional capacity for the state, a state agency or a political subdivision shall be governed by statutes, rules, and professional standards concerning discovery, production of documents, introduction of evidence, and professional responsibility; provided that this section shall not be construed to affect the applicability of any statute, other than sections 15.162 to 15.17, which specifically requires or prohibits disclosure of specific information by the attorney, nor shall this section be construed to relieve any responsible authority, other than the attorney, from his duties and responsibilities pursuant to sections 15.162 to 15.17."*

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

Mr. Tennesen, for Mr. McCutcheon, moved to amend H. F. No. 738, as amended by the Senate, May 17, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1213.)

Page 16, after line 1, insert:

"Sec. 14. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1695] [LAW ENFORCEMENT DATA.] *Subdivision 1. When collected, created, or maintained by law enforcement agencies including municipal police departments, county sheriff departments, the bureau of criminal apprehension, the Minnesota state patrol, the peace officers standards and training board, or public prosecutors or defenders:*

(a) *Data on participants in crime prevention programs including lists of property with identification numbers or evaluations or recommendations related to structural security against unauthorized entry is private;*

(b) *Data on individuals who have supplied information with the understanding that their identity will not be revealed is private;*

(c) *Examinations and answer keys are confidential.*

Subd. 2. *Nothing in this chapter shall prohibit:*

(a) *The exchange of information by law enforcement agencies provided the exchanged information is pertinent and necessary to the requesting agency in initiating, furthering, or completing an investigation;*

(b) *The furnishing of information to a law enforcement agency by any governmental entity upon a showing by the law enforcement agency that the requested information is pertinent and necessary to the initiation, furtherance, or completion of an investigation.*

Subd. 3. Information reflecting deliberative processes or investigative techniques of law enforcement agencies is confidential; provided that information, reports, or memoranda which have been adopted as the final opinion or justification for decision of a law enforcement agency are public.

Subd. 4. Nothing in this section shall be held to expand or limit the scope of discovery available at law to any party in a civil, criminal, or administrative proceeding."

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

H. F. No. 738 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 45 and nays 0, as follows:

Those who voted in the affirmative were:

Benedict	Frederick	Knutson	Pillsbury	Sillers
Bernhagen	Gearty	Laufenburger	Purfeerst	Staples
Brataas	Gunderson	Lessard	Renneke	Stokowski
Chenoweth	Hughes	Luther	Rued	Strand
Coleman	Humphrey	McCutcheon	Schaaf	Tennessee
Davies	Jensen	Merriam	Schmitz	Ueland, A.
Dieterich	Johnson	Nelson	Setzpfandt	Ulland, J.
Dunn	Keefe, S.	Olhoft	Sieloff	Vega
Engler	Knaak	Peterson	Sikorski	Willet

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Tennessee moved that S. F. No. 1213, No. 9 on Special Orders, be stricken and laid on the table. The motion prevailed.

CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the proceedings on S. F. No. 129. The following Senators answered to their names:

Benedict	Frederick	Knutson	Purfeerst	Strand
Bernhagen	Gearty	Laufenburger	Renneke	Stumpf
Brataas	Gunderson	Lessard	Rued	Tennessee
Chenoweth	Hughes	Luther	Schaaf	Ueland, A.
Coleman	Humphrey	Merriam	Sieloff	Ulland, J.
Davies	Jensen	Nelson	Sikorski	Vega
Dieterich	Johnson	Olhoft	Sillers	Willet
Dunn	Kleinbaum	Peterson	Staples	
Engler	Knaak	Pillsbury	Stokowski	

The Sergeant at Arms was instructed to bring in the absent members.

SPECIAL ORDER

S. F. No. 129: A bill for an act relating to reapportionment of the legislature and congressional districts; proposing an amendment

to the Minnesota Constitution, Article IV, Sections 2, 3 and 4 to provide for establishment of the boundaries of congressional and legislative districts by a commission, removing the requirement that all senators be elected at the first general election following an apportionment and limiting the power of the legislature to change the number of senators and representatives; implementing the proposed amendment by providing by law for the duties, powers and operation of the commission; and repealing Minnesota Statutes 1978, Sections 2.041 to 2.712 and 2.731 to 2.811.

Mr. Sieloff moved to amend S. F. No. 129 as follows:

Page 12, after line 8, insert:

“Sec. 13. Subdivision 1. The secretary of state shall prepare and distribute sufficient copies of the statement required under Minnesota Statutes, Section 3.21; to provide one copy for each polling booth and voting machine in the state. The copies shall be of a size suitable to be posted inside the booth or inside the curtains surrounding the machine.

Subd. 2. The election judges in each precinct shall post a copy of the statement described in subdivision 1 in every polling booth or voting machine in the precinct in a manner which makes it visible to the voter while voting.

Subd. 3. The pink ballot on which is printed the question provided in section 2 shall also contain the following statement in a conspicuous place on the ballot:

“A copy of the full text of the amendment is required by law to be posted in the polling booth for examination by the voter.””

Renumber the sections in sequence

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

Mr. Knutson moved to amend S. F. No. 129 as follows:

Page 1, line 20, delete the comma and insert “and”

Page 1, line 20, delete “and 4”

Page 2, delete lines 13 to 22

Page 4, line 16, delete “state”

Page 4, line 16, after “representatives” insert “, senators”

Page 4, line 18, delete “and shall govern” and insert a period

Page 4, delete lines 19 to 21

Amend the title as follows:

Page 1, line 5, delete the comma and insert “and”

Page 1, line 5, delete “and 4”

Page 1, line 7, delete “, removing the”

Page 1, delete lines 8 and 9

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 35, as follows:

Those who voted in the affirmative were:

Ashbach	Dieterich	Kirchner	Merriam	Sieloff
Bang	Dunn	Knaak	Ogdahl	Strand
Bernhagen	Engler	Knoll	Penny	Ueland, A.
Brataas	Frederick	Knutson	Renneke	Ulland, J.
Davies	Keefe, J.	Lessard	Rued	Willet

Those who voted in the negative were:

Benedict	Humphrey	Menning	Peterson	Spear
Chenoweth	Jensen	Moe	Pillsbury	Staples
Coleman	Johnson	Nelson	Purfeerst	Stokowski
Gearty	Keefe, S.	Nichols	Schaaf	Stumpf
Gunderson	Kleinbaum	Olhoff	Schmitz	Tennessen
Hanson	Laufenburger	Olson	Setzepfandt	Vega
Hughes	Luther	Perpich	Sikorski	Wegener

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

Mr. Humphrey moved to amend S. F. No. 129 as follows:

Page 3, line 30, after the period, insert "*The population of a legislative district shall not vary by more than three percent from the average population of all districts of the same kind.*"

Page 8, line 28, after "district" insert a semicolon and strike the rest of line 28

Page 8, strike line 29

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

Mr. Benedict moved to amend S. F. No. 129 as follows:

Page 5, line 7, after "districts" insert "and to allow state senators to serve out the terms to which they were elected after reapportionment"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 40 and nays 17, as follows:

Those who voted in the affirmative were:

Benedict	Hanson	Lessard	Olhoff	Sikorski
Chenoweth	Hughes	Luther	Penny	Spear
Coleman	Humphrey	McCutcheon	Perpich	Staples
Davies	Johnson	Menning	Peterson	Strand
Dieterich	Keefe, S.	Merriam	Purfeerst	Stumpf
Dunn	Kleinbaum	Moe	Schaaf	Tennessen
Gearty	Knoll	Nelson	Schmitz	Vega
Gunderson	Laufenburger	Nichols	Setzepfandt	Wegener

Those who voted in the negative were:

Bang	Jensen	Ogdahl	Sieloff	Willet
Bernhagen	Kirchner	Pillsbury	Sillers	
Engler	Knaak	Renneke	Ueland, A.	
Frederick	Knutson	Rued	Ulland, J.	

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend S. F. No. 129 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Subdivision 1. An amendment to the Minnesota Constitution is proposed to the people as provided by subdivision 2.

Subd. 2. If the amendment is adopted, Article IV, Section 3, will read as follows:

Sec. 3. [CENSUS ENUMERATION APPORTIONMENT; CONGRESSIONAL AND LEGISLATIVE DISTRICT BOUNDARIES; SENATE DISTRICTS.] At its first session after each enumeration of the inhabitants of this state made by the authority of the United States, the legislature shall have the power to prescribe the bounds of congressional and legislative districts. *The power to prescribe the bounds of congressional or legislative districts, or both, may be delegated to a commission established by law. If so delegated, the decision of the commission is not subject to veto by the governor or the legislature. Section 5 of this article does not apply to a commission established under this section. The selection of members of a commission may be determined by law.* Senators shall be chosen by single districts of convenient contiguous territory. No representative district shall be divided in the formation of a senate district. The senate districts shall be numbered in a regular series.

Sec. 2. The amendment shall be submitted to the people at the 1980 general election. The question proposed shall be: "Shall the Minnesota Constitution be amended to permit the creation of a commission to establish congressional or legislative districts, or both?"

Yes.....
No....." "

Amend the title as follows:

Delete the title and insert:

"A bill for an act relating to reapportionment of legislative and congressional districts; proposing an amendment to the Minnesota Constitution, Article IV, Section 3, to permit the creation by law of a commission to reapportion congressional or legislative districts, or both."

The question was taken, on the adoption of the amendment.

The roll was called, and there were yeas 20 and nays 40, as follows:

Those who voted in the affirmative were:

Bang	Engler	Knutson	Olson	Sieloff
Bernhagen	Frederick	Laufenburger	Perpich	Sillers
Brataas	Keefe, J.	McCutcheon	Renneke	Tennessee
Davies	Knaak	Merriam	Rued	Ulland, J.

Those who voted in the negative were:

Benedict	Coleman	Dunn	Gunderson	Hughes
Chenoweth	Dieterich	Gearty	Hanson	Humphrey

Jensen	Lessard	Olhoff	Schmitz	Stokowski
Johnson	Luther	Penny	Setzepfandt	Strand
Keefe, S.	Menning	Peterson	Sikorski	Stumpf
Kirchner	Moe	Pillsbury	Solon	Vega
Kleinbaum	Nelson	Purfeerst	Spear	Wegener
Knoll	Nichols	Schaaf	Staples	Willet

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

S. F. No. 129 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 48 and nays 14, as follows:

Those who voted in the affirmative were:

Bang	Humphrey	Luther	Peterson	Staples
Benedict	Jensen	McCutcheon	Pillsbury	Strand
Chenoweth	Johnson	Menning	Purfeerst	Stumpf
Coleman	Keefe, S.	Moe	Renneke	Ueland, A.
Dieterich	Kirchner	Nelson	Rued	Ulland, J.
Dunn	Kleinbaum	Nichols	Schaaf	Vega
Gearty	Knaak	Ogdahl	Schmitz	Wegener
Gunderson	Knoll	Olhoff	Sikorski	Willet
Hanson	Laufenburger	Olson	Solon	
Hughes	Lessard	Penny	Spear	

Those who voted in the negative were:

Bernhagen	Engler	Knutson	Setzepfandt	Stokowski
Brataas	Frederick	Merriam	Sieloff	Tennessee
Davies	Keefe, J.	Perpich	Sillers	

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

MEMBERS EXCUSED

Mr. Knoll was excused from the Session of today until 9:00 o'clock p.m. Mr. Penny was excused from the Session of today from 8:45 to 9:15 o'clock p.m.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 1:30 o'clock p.m., Friday, May 18, 1979. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FIFTY-SEVENTH DAY

St. Paul, Minnesota, Friday, May 18, 1979

The Senate met at 1:30 o'clock p.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Dunn	Kleinbaum	Penny	Staples
Ashbach	Engler	Knaak	Perpich	Stokowski
Bang	Frederick	Knoll	Pillsbury	Strand
Benedict	Gearty	Laufenburger	Purfeerst	Stumpf
Brataas	Gunderson	Lessard	Rued	Tennessen
Chenoweth	Hanson	Menning	Schaaf	Ueland, A.
Chmielewski	Hughes	Merriam	Schmitz	Ulland, J.
Coleman	Johnson	Moe	Sieloff	Vega
Davies	Keefe, S.	Nelson	Solon	Willet
Dieterich	Kirchner	Olson	Spear	

The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Dave Schneider.

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

Anderson	Frederick	Knoll	Olson	Sillers
Ashbach	Gearty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessen
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoft	Sikorski	Willet

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Mr. Schrom was excused from the Session of today. Mr. Keefe, J. was excused from the Session of today until 8:00 o'clock p.m.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Pillsbury introduced—

S. F. No. 1583: A bill for an act relating to economic development; authorizing formation of a general stock ownership corporation to provide venture capital and investment opportunities for the citizens of this state; providing for its operation and funding; providing penalties; amending Minnesota Statutes 1978, Sections 11.015, by adding a subdivision; 11.10, Subdivision 1; and 80A.15, Subdivisions 1 and 2.

Referred to the Committee on Employment.

Messrs. Willet, Johnson, Peterson, Lessard and Rued introduced—

S. F. No. 1584: A bill for an act relating to transportation; providing for advertising along certain highways.

Referred to the Committee on Transportation.

Messrs. Peterson, Hanson and Sillers introduced—

S. F. No. 1585: A bill for an act relating to taxation; providing for a tax upon the business of removing gravel from pits or deposits; providing for enforcement and prescribing penalties for violations.

Referred to the Committee on Taxes and Tax Laws.

Mr. Renneke introduced—

S. F. No. 1586: A bill for an act relating to agriculture; regulating wholesale produce dealers; amending Minnesota Statutes 1978, Sections 27.001; 27.01; 27.03; 27.04; 27.041; 27.05; 27.06; and Chapter 27, by adding a section.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Merriam, Luther and Engler introduced—

S. F. No. 1587: A bill for an act relating to metropolitan government; providing for solid waste disposal planning; permitting designation of waste districts; amending Minnesota Statutes 1978, Sections 473.121, by adding a subdivision; 473.149, Subdivision 3, and by adding a subdivision; 473.516; 473.803; 473.811, Subdivisions 1 and 5; 473.823, Subdivision 3, and by adding a subdivision; 473.851; 473.852, Subdivision 8; 473.855; 473.858, by adding a subdivision; 473.859; and 473.862, Subdivision 1.

Referred to the Committee on Agriculture and Natural Resources.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

May 17, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S. F. No. 988.

Sincerely yours,
Albert H. Quie, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 1328, 182 and 529.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1979

Mr. President:

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

S. F. No. 831: A bill for an act relating to the Hennepin county park reserve district; regulating tax levies; reaffirming the requirement that the environmental quality board make its decisions by a majority vote; permitting certain requests for reconsideration of board decisions; amending Laws 1967, Chapter 721, Section 2, as amended; and Minnesota Statutes 1978, Section 116D.04, Subdivision 3.

Senate File No. 831 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1979

Mrs. Staples moved that the Senate do not concur in the amendments by the House to S. F. No. 831 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which

amendments the concurrence of the Senate is respectfully requested:

S. F. No. 961: A bill for an act relating to retirement; volunteer firefighters' relief associations and independent nonprofit firefighting corporations; providing for a flexible statutory service pension maximum; providing a procedure for the recognition of a funding surplus in the calculation of the financial requirements of a relief association and the minimum obligation of a municipality; clarifying the calculation of the time period for the amortization of unfunded accrued liabilities of volunteer firefighters' relief associations; clarifying and updating various ambiguous and obsolete provisions regarding the fire state aid program, the authorization of retirement benefits for volunteer firefighters and the mandated guidelines for the financing of volunteer firefighters' relief associations; amending Minnesota Statutes 1978, Sections 69.771; 69.772, Subdivisions 1, 2, 3, 4, 5, 6, and by adding a subdivision; 69.773; and 69.774; and Laws 1963, Chapter 429, Section 1; Laws 1967, Chapters 575, Sections 1, Subdivision 1; and 2; 829, Section 1; Laws 1969, Chapters 526, Section 2a, as added; 664, Section 1; Laws 1971, Chapters 114, Section 10; 127, Section 1; 140, Section 7; and 214, Sections 1, as amended, and 2; Laws 1973, Chapters 304, Section 4; and 472, Section 1, as amended; Laws 1975, Chapter 237, Sections 1 and 2; Laws 1976, Chapter 209, Section 1; Laws 1977, Chapter 374, Sections 41; 50, Subdivision 2; 51; and 57; Laws 1978, Chapter 685, Sections 1 and 4; repealing Minnesota Statutes 1978, Sections 69.04; 69.055; 69.06; 69.22; 69.23; 69.24; 69.66; 69.67; 69.68; 69.691; 424.30; and 424.31; Laws 1959, Chapter 324; Laws 1965, Chapters 592, Section 1; and 598, Section 1; Laws 1967, Chapters 575, Section 1, Subdivision 2; 742, Section 1; 815, Sections 1 and 2, Subdivision 1; and 831; Laws 1969, Chapters 252, Section 1, Subdivisions 1 and 2; 526, Sections 1 and 2; 530; 644, Section 1; 714; 719, Section 1; 877; 1088, Section 2, Subdivision 1; and 1105, Sections 1, 2 and 3; Laws 1971, Chapters 2; 114, Section 3, Subdivision 2; 140, Section 1; 184, Section 1, Subdivisions 1 and 2; 200; and 233; Laws 1973, Chapters 30, Section 1, Subdivision 1; 33; 166; 170; 173; 175; 181; 182; 280; 283, Section 1; 288; 304, Section 1, Subdivision 2; 311; and 464; Laws 1974, Chapters 112; Laws 1975, Chapters 36; 43; 117; 118; 119; 124; 125; 178; 197; 229, Section 1; 306, Section 33, Subdivisions 1 and 2; and 367; Laws 1976, Chapters 71; 97; 100, Section 1, Subdivisions 1 and 3; 206; 208; 214; 267; 272, Section 2; and 288, Section 1; Laws 1977, Chapters 294; 295; and 374, Section 50, Subdivision 1; Laws 1978, Chapters 599, Section 1, Subdivisions 2 and 3; 606; 617, Section 1; 622; 631; 673; 683, Sections 1 and 2, Subdivision 1; 753, Section 2, Subdivisions 1 and 1a; and 754.

Senate File No. 961 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1979

CONCURRENCE AND REPASSAGE

Mr. Peterson moved that the Senate concur in the amendments by the House to S. F. No. 961 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 961 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Olson	Sikorski
Ashbach	Gearty	Knutson	Penny	Sillers
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Chenoweth	Humphrey	McCutcheon	Purfeerst	Strand
Chmielewski	Jensen	Menning	Renneke	Stumpf
Coleman	Johnson	Merriam	Rued	Tennessee
Davies	Keefe, S.	Nelson	Schaaf	Ueland, A.
Dieterich	Kirchner	Nichols	Schmitz	Ulland, J.
Dunn	Kleinbaum	Ogdahl	Setzpfandt	Vega
Engler	Knaak	Olhoft	Sieloff	Willet

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 186: A bill for an act relating to crimes; limiting a perpetrator's right to commercially exploit the crime; providing for the payment of crime victims; appropriating money; amending Minnesota Statutes 1978, Chapter 299B, by adding a section.

Senate File No. 186 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1979

Mr. Chmielewski moved that the Senate do not concur in the amendments by the House to S. F. No. 186 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

S. F. No. 332: A bill for an act relating to pipelines; limiting negotiation and acquisition of easements; requiring public meet-

ings and information books for affected landowners; requiring minimum depth of cover on cultivated land; authorizing adoption of local ordinances to protect public roads and drainage facilities; authorizing counties to adopt ordinances to establish pipeline construction standards; requiring pipelines to pay inspection fees; providing for a county inspector; limiting liability for certain unintentional damage to pipelines; establishing a pipeline property tax credit; providing for reversion of certain easements and recording of survey points; imposing duties on the environmental quality board and certain county boards; providing for enforcement by injunctive relief; imposing criminal and civil penalties; appropriating money.

Senate File No. 332 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 17, 1979

CONCURRENCE AND REPASSAGE

Mr. Setzepfandt moved that the Senate concur in the amendments by the House to S. F. No. 332 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 332: A bill for an act relating to pipelines; limiting negotiation and acquisition of easements; requiring public meetings and information books for affected landowners; requiring minimum depth of cover on cultivated land; authorizing adoption of local ordinances to protect public roads and drainage facilities; authorizing counties to adopt ordinances to establish pipeline construction standards; requiring pipelines to pay inspection fees; providing for a county inspector; limiting liability for certain unintentional damage to pipelines; requiring annual payments to owners of property crossed by a pipeline; providing for reversion of certain easements and recording of survey points; imposing duties on the environmental quality board and certain county boards; providing for enforcement by injunctive relief; imposing criminal and civil penalties; appropriating money.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 59 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Davies	Humphrey	McCutcheon	Penny
Ashbach	Dieterich	Johnson	Menning	Perpich
Bang	Dunn	Keefe, S.	Merriam	Peterson
Benedict	Engler	Kleinbaum	Moe	Pillsbury
Bernhagen	Frederick	Knaak	Nelson	Purfeerst
Brataas	Gearty	Knoll	Nichols	Renneke
Chenoweth	Gunderson	Knutson	Ogdahl	Rued
Chmielewski	Hanson	Lessard	Olhoft	Schaaf
Coleman	Hughes	Luther	Olson	Schmitz

Setzepfandt	Solon	Stokowski	Tennessee	Wegener
Sieloff	Spear	Strand	Ulland, J.	Willet
Sikorski	Staples	Stumpf	Vega	

Messrs. Jensen, Laufenburger, Sillers and Ueland, A. voted in the negative.

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 607: A bill for an act relating to crimes; prescribing penalties for the possession of controlled substances on school premises; amending Minnesota Statutes 1978, Section 152.15, by adding a subdivision.

Senate File No. 607 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1979

CONCURRENCE AND REPASSAGE

Mr. Merriam moved that the Senate concur in the amendments by the House to S. F. No. 607 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 607: A bill for an act relating to crimes; prescribing penalties for the possession of controlled substances on school premises; providing for therapeutic research program using marijuana; amending Minnesota Statutes 1978, Chapter 144, by adding a Section; Section 152.15, by adding a subdivision.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 36 and nays 27, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Merriam	Setzepfandt	Stumpf
Benedict	Hanson	Moe	Sieloff	Tennessee
Chenoweth	Humphrey	Nelson	Sikorski	Ulland, J.
Chmielewski	Jensen	Nichols	Solon	Vega
Coleman	Keefe, S.	Ogdahl	Spear	
Davies	Knoll	Olson	Staples	
Dieterich	Luther	Penny	Stokowski	
Garty	McCutcheon	Schaaf	Strand	

Those who voted in the negative were:

Ashbach	Brataas	Frederick	Kirchner	Knutson
Bang	Dunn	Hughes	Kleinbaum	Laufenburger
Bernhagen	Engler	Johnson	Knaak	Lessard

Menning
Olhoff
Perpich

Peterson
Pillsbury
Purfeerst

Renneke
Rued

Sillers
Ueland, A.

Wegener
Willet

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

RECONSIDERATION

Mr. Keefe, S. moved that the vote whereby S. F. No. 607 was passed by the Senate on May 18, 1979, be now reconsidered. The motion did not prevail.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 622: A bill for an act relating to the county of Hennepin; creating the office of county administrator; providing financial procedures; providing for the operation of county government; providing bonding limits; creating a corrections facility; providing for central purchasing; establishing set aside contracts; providing a penalty; amending Laws 1965, Chapter 533, Section 1, as amended; Extra Session Laws 1967, Chapter 24, Section 1, Subdivision 1; Extra Session Laws 1967, Chapter 24, Section 1, Subdivision 2, as amended; Extra Session Laws 1967, Chapter 47, Section 1, as amended; Extra Session Laws 1967, Chapter 47, Section 3, as amended; Laws 1969, Chapter 476, Section 1, as amended; repealing Laws 1951, Chapter 556; Laws 1951, Chapter 598; Laws 1951, Chapter 636, Section 4; Laws 1951, Chapter 702; Laws 1953, Chapter 270; Laws 1953, Chapter 703, Section 1; Laws 1953, Chapter 753; Laws 1955, Chapter 875; Laws 1957, Chapter 671, Section 7; Laws 1957, Chapter 950; Laws 1959, Chapter 200; Laws 1959, Chapter 297; Extra Session Laws 1959, Chapter 17; Extra Session Laws 1961, Chapter 45; Extra Session Laws 1961, Chapter 47; Laws 1963, Chapter 857; Laws 1965, Chapter 294; Laws 1965, Chapter 633; Laws 1965, Chapter 850; Laws 1967, Chapter 441; Laws 1967, Chapter 588; Laws 1967, Chapter 599, Section 4; Laws 1967, Chapter 796; Laws 1969, Chapter 473; Laws 1969, Chapter 692; Laws 1969, Chapter 918; Laws 1969, Chapter 1053; Laws 1971, Chapter 495; Laws 1971, Chapter 744, Section 2; Laws 1973, Chapter 261.

Senate File No. 622 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 17, 1979

CONCURRENCE AND REPASSAGE

Mrs. Staples moved that the Senate concur in the amendments by the House to S. F. No. 622 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 622 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 52 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Laufenburger	Penny	Staples
Bang	Gunderson	Lessard	Pillsbury	Stokowski
Benedict	Hanson	Luther	Purfeerst	Stumpf
Bernhagen	Hughes	Menning	Renneke	Tennessee
Chenoweth	Humphrey	Merriam	Rued	Ueland, A.
Chmielewski	Jensen	Moe	Schaaf	Ulland, J.
Coleman	Johnson	Nelson	Sieloff	Vega
Davies	Keefe, S.	Nichols	Sikorski	Wegener
Dieterich	Kirchner	Ogdahl	Sillers	
Dunn	Kleinbaum	Olhoff	Solon	
Engler	Knaak	Olson	Spear	

Those who voted in the negative were:

Brataas	Perpich	Setzepfandt	Strand	Willet
McCutcheon	Peterson			

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 843: A bill for an act relating to intoxicating liquor; authorizing on-sale wine licensees to sell certain beer; amending Minnesota Statutes 1978, Section 340.11, Subdivision 20.

Senate File No. 843 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 17, 1979

CONCURRENCE AND REPASSAGE

Mr. Ulland, J. moved that the Senate concur in the amendments by the House to S. F. No. 843 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 843: A bill for an act relating to the city of Duluth; permitting the city to authorize on-sale wine licenses to sell certain beer not exceeding 7 percent alcohol by weight.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 50 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Penny	Solon
Ashbach	Gearty	Knoll	Perpich	Spear
Bang	Hanson	Lessard	Pillsbury	Staples
Bernhagen	Hughes	Luther	Purfeerst	Stokowski
Brataas	Humphrey	Merriam	Rued	Stumpf
Chenoweth	Jensen	Moe	Schaaf	Tennessee
Coleman	Johnson	Nelson	Setzepfandt	Ueland, A.
Davies	Keefe, S.	Nichols	Sieloff	Ulland, J.
Dieterich	Kirchner	Ogdahl	Sikorski	Vega
Dunn	Kleinbaum	Olson	Sillers	Wegener

Those who voted in the negative were:

Benedict	Gunderson	Menning	Peterson	Strand
Chmielewski	McCutcheon	Olhoff	Renneke	Willet

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 801: A bill for an act relating to non-alcoholic beverages; requiring laboratory examination of certain beverages; deleting registration exemption for identified beverages; amending Minnesota Statutes 1978, Section 34.05, Subdivision 1; repealing Minnesota Statutes 1978, Section 34.05, Subdivision 2.

Four members of the House have been appointed to such committee on the part of the House as follows: Carlson, D.; Redalen; Mann and Kalis.

Senate File No. 801 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 17, 1979

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 1047: A bill for an act relating to workers' compensation; providing for settlement of claims; amending Minnesota Statutes 1978, Section 176.521, Subdivisions 1 and 2.

Four members of the House have been appointed to such committee on the part of the House as follows: Kaley, Stadum, Simon-eau and Begich.

Senate File No. 1047 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 17, 1979

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 218: A bill for an act relating to public utilities; removing cooperative telephone associations from the rate jurisdiction of the public service commission; granting associations an option as to rate regulation; amending Minnesota Statutes 1978, Section 237.06.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Fjoslien, Stowell, Adams and Battaglia.

House File No. 218 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 17, 1979

Mr. Olhoft moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 218, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 257: A bill for an act relating to taxation; providing standards and procedures for tax increment financing; authorizing the issuance of bonds; authorizing tax increment financing for the payment of principal and interest on such bonds; providing limitation on extent of districts to which tax increment financing applies; amending Minnesota Statutes 1978, Sections 362A.05; 458.192, Subdivision 11; 462.545, Subdivision 5; 462.585, Subdivisions 2, 3 and 4; 472A.06; 472A.07, by adding a subdivision; 473F.02, Subdivision 3; 473F.05; 473F.08, Subdivisions 2, 4 and 6; 474.10, Subdivisions 2 and 3; and Chapter 273, by adding sections; repealing Minnesota Statutes 1978, Sections 458.192, Subdivision 12; 472A.02, Subdivision 3; 472A.07, Subdivision 4; and 472A.08.

Six members of the House have been appointed to a Conference Committee on the part of the House as follows: Casserly, Pehler, Vanasek, Pleasant, Hoberg and Halberg.

House File No. 257 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1979

Mr. Hanson moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 257, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 686: A bill for an act relating to public health; permitting use of plastic water well casings in additional counties; amending Minnesota Statutes 1978, Section 156A.031, Subdivision 2.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Corbid, Elioff, Nysether and Anderson, R.

House File No. 686 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1979

Mr. Hanson moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 686, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 738: A bill for an act relating to the collection and dissemination of data; classifying data; clarifying information practices; extending the period of time during which the emergency classifications of data may be made; defining terms; clarifying the duties of the responsible authority; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Sec-

tions 15.1642, Subdivisions 3 and 5; and 15.165; and Chapter 15, by adding sections; repealing Minnesota Statutes 1978, Sections 15.162; 15.163; 15.1641; 15.1642, Subdivision 4; 15.166; 15.167; 15.1671; 15.169; and 15.17, Subdivision 4.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Stoa, Hokanson, Dean and Ainley.

House File No. 738 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1979

Mr. Tennessen moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 738, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 914: A bill for an act relating to retirement; providing for continued membership in public safety employee pension funds for certain current public safety employees who may not have the power of arrest with a warrant; amending Minnesota Statutes 1978, Sections 352B.01, Subdivision 2; and 353.64, Subdivision 1.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Patton, Sarna, Biersdorf and Johnson, D.

House File No. 914 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1979

Mr. Stokowski moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 914, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 970: A bill for an act relating to unemployment compensation; limiting benefits paid to certain owners and relatives of certain businesses; amending Minnesota Statutes 1978, Section 268.07, Subdivision 3.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Haukoos, Rose, Adams and Osthoff.

House File No. 970 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1979

Mr. Pillsbury moved that H. F. No. 970 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 1206: A bill for an act relating to energy; encouraging municipalities to use diseased trees.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Sviggum, Wigley, Kalis and Greenfield.

House File No. 1206 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1979

Mr. Engler moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1206, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 1499, 866 and 1253.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 17, 1979

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H. F. No. 1499: A bill for an act relating to minerals; providing for notice and opportunity for hearing prior to forfeiture for failure to file a statement of severed mineral interest, and amending certain laws related thereto; validating certain statements; amending Minnesota Statutes 1978, Sections 93.55; 273.13, Subdivision 2a; and Chapter 93, by adding a section.

Mr. Johnson moved that H. F. No. 1499 be laid on the table. The motion prevailed.

H. F. No. 866: A bill for an act relating to peace officers; regulating part-time officers; appropriating money; amending Minnesota Statutes 1978, Sections 626.84 and 626.841; and Chapter 626, by adding sections.

Mr. Willet moved that H. F. No. 866 be laid on the table. The motion prevailed.

H. F. No. 1253: A bill for an act relating to open space and recreation; providing for the acquisition and betterment of open space lands, state trails, forests, fish and wildlife management, natural and scientific areas, and accesses to public waters; payments to counties in lieu of taxes on public hunting grounds and game refuges; establishing Tettegouche State Park; prescribing the powers and duties of the commissioner of natural resources in relation to Tettegouche State Park; authorizing the issuance of bonds; appropriating money; amending Minnesota Statutes 1978, Section 97.49, Subdivision 3; and Laws 1977, Chapter 421, Section 13, Subdivision 3.

Mr. Anderson moved that H. F. No. 1253 be laid on the table. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Keefe, S. moved that the Committee Reports at the Desk be now adopted, with the exception of reports pertaining to appointments. The motion prevailed.

Mr. Moe from the Committee on Finance, to which was referred

H. F. No. 724: A bill for an act relating to housing; providing for an increase in the authorization for bonds and notes for the housing finance agency; establishing a grant program for the construction of three or more bedroom apartment units; creating a grant program for accessible housing; increasing the spending and complement limits; making certain changes in the laws relating to the operation of the agency; appropriating money; amending Minnesota Statutes 1978, Sections 462A.05, Subdivision 15, and by adding subdivisions; 462A.07, Subdivision 15; 462A.21, Subdivision 6, and by adding subdivisions; and 462A.22, Subdivisions 1 and 1a.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 462A.05, is amended by adding a subdivision to read:

Subd. 2a. It may make grants to sponsors or builders of multi-unit residential housing for occupancy by persons and families of low and moderate income. The grants shall only be made for the construction or rehabilitation of three bedroom apartment units or townhouse units of four bedrooms or more for large low and moderate income families. No grant shall exceed the amount of \$5,000 per unit. In making 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 shall determine the appropriate security should repayment be required.

Sec. 2. Minnesota Statutes 1978, Section 462A.05, Subdivision 15, is amended to read:

Subd. 15. It may make grants to persons and families of low and moderate income to pay or to assist in paying a loan made pursuant to subdivision 14, or to rehabilitate or to assist in rehabilitating existing residential housing owned or occupied by such persons or families. For the purposes of this section, persons of low and moderate income include administrators appointed pursuant to section 566.25, clause (c). No grant shall be made unless the agency determines that the grant will be used primarily to make the housing more desirable to live in, to increase the market value of the housing or 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 this provision, establish codes and standards. No grant for rehabilitation of owner occupied residential housing shall be denied solely because the grant 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. The amount of any grant shall not exceed the lesser of (a) \$5,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by the person or family without spending an unreasonable portion of the income of the person or family thereon; ~~provided, however, that a grant may exceed \$5,000 by an amount, up to \$2,500, necessary to improve the accessibility of residential housing to a handicapped occupant.~~ In making 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 shall determine the appropriate security should repayment be required.

The agency may also make grants to rehabilitate or to assist in rehabilitating housing under this subdivision to persons of low and moderate income for the purpose of qualifying as foster parents.

Sec. 3. Minnesota Statutes 1978, Section 462A.05, is amended by adding a subdivision to read:

Subd. 15a. It may make grants to persons and families of low and moderate income to improve the accessibility of existing residential housing for handicapped occupants, or to assist in paying a loan made pursuant to subdivision 14 to improve the accessibility of existing residential housing for handicapped occupants. Grants may be in an amount up to \$10,000, based upon the cost of the improvements, the financial ability of the person or family receiving the grant, and other appropriate factors including extraordinary medical expenses. Grants may be made in connection with other agency loan or grant programs; provided that in no case may agency rehabilitation loans and any grants pursuant to this section total an amount exceeding \$15,000. Grants made pursuant to this section may include the payment of money for technical assistance for the design and construction of accessibility improvements. In making 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 shall determine the appropriate security should repayment be required. The agency may gather data on available accessible housing financed under this program and make the information available to interested individuals and groups.

Sec. 4. Minnesota Statutes 1978, Section 462A.07, Subdivision 15, is amended to read:

Subd. 15. It may engage in housing programs for low and moderate income native Americans as that term is defined in section 254A.02, subdivision 11, residing in the metropolitan area defined in section 473.121, subdivision 2, and cities with a population greater than 50,000 persons. The programs shall demonstrate innovative methods of providing housing for urban Indians, may involve the construction, purchase and rehabilitation of residential housing, and may be administered through any other provision of this chapter. To the extent possible, the programs shall combine appropriated money with other money from both public and private sources. The agency shall consult with the advisory council on urban Indians created pursuant to section 3.922, subdivision 8, in the development of programs pursuant to this subdivision. Temporary rules to implement this section may be promulgated as emergency rules and amended pursuant to chapter 15. The temporary rules may remain in effect until July 1, 1980.

Sec. 5. Minnesota Statutes 1978, Section 462A.09, is amended to read:

462A.09 [BONDS AND NOTES; RESOLUTIONS AUTHORIZING, ADDITIONAL TERMS, SALE.] The notes and bonds of the agency shall be authorized by a resolution or resolutions adopted by the agency, shall bear such date or dates, shall mature at such time or times, shall 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 of America, at such place or places within or without the state, and be subject to such terms of redemption prior to maturity as such resolutions or certificates may provide. No note shall mature more than ten years from its date or from the date of

any note refunded thereby. The maximum maturity of any bond, whether or not issued for the purpose of refunding, shall be 50 years from its date. The notes and bonds of the agency may be sold at public or private sale, at such price or prices as the agency shall determine; provided that in no event shall the net proceeds to the agency of any issuance of bonds be less than 98.5 percent of the face amount of the bonds. Prior to the sale of notes and bonds, the agency shall consult with the executive secretary of the state board of investment on the terms and conditions of the bonds and appropriate underwriting fees. The executive secretary of the state board of investment shall participate in the negotiations for the sale of bonds of the agency.

Sec. 6. Minnesota Statutes 1978, Section 462A.21, Subdivision 6, is amended to read:

Subd. 6. Notwithstanding the provisions of subdivision 5, the agency shall not expend moneys in the fund for the purpose of making rehabilitation or accessibility grants except by specific appropriation by the legislature.

Sec. 7. Minnesota Statutes 1978, Section 462A.21, is amended by adding a subdivision to read:

Subd. 4e. It may expend money for the purpose of section 1, and pay the costs and expenses necessary and incidental to the development and operation of the grant program authorized therein.

Sec. 8. Minnesota Statutes 1978, Section 462A.21, is amended by adding a subdivision to read:

Subd. 4f. It may make grants for the purpose of section 3 and may pay the costs and expenses necessary and incidental to the development and operation of the housing accessibility program.

Sec. 9. Minnesota Statutes 1978, Section 462A.21, is amended by adding a subdivision to read:

Subd. 11. The agency may make loans to owners of rental property of four units or more that is at least 15 years old and occupied at the time of loan closing by low and moderate income tenants, for the purposes of moderate rehabilitation and energy improvements necessary to bring the property into compliance with section 116H.129, subdivision 3. Loans made pursuant to this subdivision shall only be made with the proceeds of bonds and notes, and shall not include any appropriated money.

Sec. 10. Minnesota Statutes 1978, Section 462A.22, Subdivision 1, is amended to read:

462A.22 [BOND FUND.] Subdivision 1. The aggregate principal amount of bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of:

(a) ~~\$175,000,000~~ \$225,000,000 issued for the purpose of providing funds for rehabilitation loans, or refunding bonds or notes issued for this purpose, plus

(b) \$725,000,000 \$1,325,000,000 issued for other purposes specified in section 462A.08.

Sec. 11. Minnesota Statutes 1978, Section 462A.22, Subdivision 1a, is amended to read:

Subd. 1a. Not less than ten percent of the proceeds of the additional bonds authorized by Laws 1977, Chapter 401 for subdivision 1, paragraph (b) which are used for the purpose of providing for multifamily residential housing shall be allocated by the agency for eligible loans involving the rehabilitation of existing buildings. From the proceeds of bonds issued from time to time after the effective date of this act, the agency shall make in an aggregate principal amount at least \$10,000,000 in mortgage loans for the rehabilitation of existing buildings for multifamily residential housing.

Sec. 12. Minnesota Statutes 1978, Section 462A.22, Subdivision 9, is amended to read:

Subd. 9. The agency shall also submit a biennial report of its activities, projected activities, receipts, and expenditures for the next biennium, to the governor and the legislature on or before January 15 in each odd-numbered year. The report 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. Within cities of the first class, the distribution of agency money shall be reported by census tract.

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. 13. [APPROPRIATION.] Subdivision 1. The sum of \$44,750,000 is appropriated from the general fund to the housing development fund created in Minnesota Statutes, Section 462A.20, for the purposes specified in this section and for the payment of related costs and expenses.

Subd. 2. For making rehabilitation grants to persons and families of low income, as provided in Minnesota Statutes, Section 462A.21, Subdivision 4a \$21,000,000

Subd. 3. For making low interest rate rehabilitation loans to persons and families of low and moderate income, as provided in Minnesota Statutes, Section 462A.21, Subdivisions 4b and 7 \$7,500,000

Subd. 4. For the purpose specified in section 3, and for the payment of related costs and expenses \$2,500,000

Subd. 5. For the home ownership assistance fund provided in Minnesota Statutes, Section 462A.21, Subdivision 8 \$8,000,000

Subd. 6. For the native Americans revolving fund created in Minnesota Statutes, Section 462A.21, Subdivision 4c \$3,500,000

Subd. 7. For the urban American Indians revolving fund created in Minnesota Statutes, Section 462A.21, Subdivision 4d \$1,500,000

Subd. 8. For the purpose of section 1 and for the payment of related costs and expenses \$500,000

Subd. 9. For the purpose of making rehabilitation grants to enrolled members within the Sioux communities of Prairie Island, Shakopee, Lower Sioux (Morton) and Upper Sioux (Granite Falls) for existing housing in accordance with the home improvement grant program of the Minnesota housing finance agency, and for the payment of related costs and expenses \$250,000

Subd. 10. The appropriation in subdivision 2 shall be paid to the housing development fund in eight equal installments, on the first day of each quarter of the biennium. The appropriation in subdivision 3 shall be paid on January 1, 1980. The appropriation in subdivision 5 shall be paid in two equal installments, on July 1, 1979, and March 1, 1980. The appropriation in subdivision 6 shall be paid in three installments, 50 percent of which shall be paid on July 1, 1979, 25 percent of which shall be paid on October 1, 1979, and 25 percent of which shall be paid on January 1, 1980. The appropriation in subdivisions 4, 7, 8 and 9 shall be paid on July 1, 1979. The payment dates specified in this subdivision may be accelerated by the commissioner of finance within the biennium as money is available in the general fund.

Subd. 11. The approved complement of the Minnesota housing finance agency is increased by 15 positions and the spending limit on cost of general administration of agency programs is increased by \$605,000 in fiscal year 1980 and by \$905,000 in fiscal year 1981 over the amounts provided for those fiscal years by other provisions of law.

Sec. 14. Sections 10 and 11 are effective the day following final enactment."

Amend the title as follows:

Delete the title in its entirety and insert:

"A bill for an act relating to housing; providing for an increase in the authorization for bonds and notes for the housing finance agency; making certain changes in the laws relating to the operation of the agency; establishing a grant program for the construction of three and four bedroom apartment or townhouse units; creating a grant program for accessible housing; creating a rehabilitation loan program for certain rental housing; appropriating money; amending Minnesota Statutes 1978, Sections 462A.05, Subdivision 15, and by adding subdivisions; 462A.07, Subdivision 15; 462A.09; 462A.21, Subdivision 6, and by adding subdivisions; and 462A.22, Subdivisions 1, 1a and 9."

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

Mr. Willet from the Committee on Agriculture and Natural Resources, to which was referred the following appointment as reported in the Journal for March 5, 1979:

**MINNESOTA POLLUTION CONTROL AGENCY
DIRECTOR**

Marcelle (Terry) Hoffman

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Keefe, S. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

H. F. No. 1241 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

SPECIAL ORDERS CONSENT CALENDAR CALENDAR

H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
1241	1109				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 1241 be amended as follows:

Page 3, line 7, delete "Each"

Page 3, delete lines 8 to 12

Page 3, line 13, delete everything before "Upon" and insert *"The commissioner of finance shall review the credit history and financial resources of the local governmental unit in order to determine whether the local government unit has the ability to repay a loan. He shall notify the commissioner of natural resources whether, if a grant for the project is approved by the legislature, he will approve a loan for the local share of project costs, and the amount and terms of the loan he would approve. The commissioner of natural resources shall include this information in his recommendation to the legislature."*

Page 3, line 22, delete "state building" and insert "general"

Page 4, line 26, after "3" insert a comma

And when so amended H. F. No. 1241 will be identical to S. F. No. 1109, and further recommends that H. F. No. 1241 be given its second reading and substituted for S. F. No. 1109, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Coleman from the Subcommittee on Bill Scheduling, to which were referred S. F. Nos. 1234, 1141, 266, 897, 966, 1035, 1390, 275, 776, 816, 84, 1519 and H. F. Nos. 1465, 990 makes the following report:

That the above Senate Files and House Files be placed on the General Orders Calendar in the order indicated.

That there were no other bills before the Subcommittee on which floor action was requested. Report adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 1241 was read the second time.

H. F. No. 724 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Mr. Ueland, A. moved that the name of Mr. Laufenburger be added as co-author to S. F. No. 1469. The motion prevailed.

Mr. Davies moved that S. F. No. 1435 be withdrawn from the Committee on Judiciary. The motion prevailed.

S. F. No. 1435: A resolution memorializing the Federal Republic of Germany to repeal the statute of limitations for Nazi crimes.

SUSPENSION OF RULES

Mr. Sieloff moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S. F. No. 1435 and that the rules of the Senate be so far suspended as to give S. F. No. 1435 its second and third reading and place it on its final passage. The motion prevailed.

S. F. No. 1435 was read the second time.

S. F. No. 1435 was read the third time and placed on its final passage.

The question was taken on the passage of the resolution.

The roll was called, and there were yeas 52 and nays 0, as follows:

Anderson	Chmielewski	Gunderson	Knaak	Moe
Ashbach	Coleman	Hughes	Knoll	Nelson
Bang	Davies	Humphrey	Knutson	Nichols
Benedict	Dieterich	Johnson	Luther	Olhoft
Bernhagen	Dunn	Keefe, S.	McCutcheon	Olson
Brataas	Engler	Kirchner	Menning	Penny
Chenoweth	Gearty	Kleinbaum	Merriam	Purfeerst

Renneke	Sieloff	Staples	Tennessee	Willet
Rued	Sikorski	Stokowski	Ueland, A.	
Schaaf	Sillers	Strand	Ulland, J.	
Schmitz	Spear	Stumpf	Vega	

So the resolution passed and its title was agreed to.

MOTIONS AND RESOLUTIONS—CONTINUED

CONFIRMATION

Mr. McCutcheon moved that the report from the Committee on Taxes and Tax Laws, reported May 16, 1979, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. McCutcheon moved that the foregoing report be now adopted. The motion prevailed.

Mr. McCutcheon moved that in accordance with the report from the Committee on Taxes and Tax Laws, reported May 16, 1979, the Senate, having given its advice, do now consent to and confirm the appointment of:

TAX COURT

John Knapp, Albany, Stearns County, effective May 3, 1979, for a term expiring the first Monday in January, 1985.

The motion prevailed. So the appointment was confirmed.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Sieloff moved that the name of Mr. Sikorski be added as co-author to S. F. No. 1435. The motion prevailed.

Mr. Nichols moved that S. F. No. 808 be taken from the table. The motion prevailed.

CONCURRENCE AND REPASSAGE

Mr. Nichols moved that the Senate concur in the amendments by the House to S. F. No. 808 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 808: A bill for an act relating to waters; redefining public waters; defining wetlands; providing new procedures for the determination of public waters and wetlands; reappropriating money; amending Minnesota Statutes 1978, Sections 105.37, by adding subdivisions; 105.38; 105.39, Subdivision 3; 105.391, Subdivisions 1 and 3, and by adding subdivisions; 105.392, Subdivisions 2 and 5; and 105.42, Subdivision 1; repealing Minnesota Statutes 1978, Sections 105.37, Subdivision 6; and 105.391, Subdivisions 2, and 4 to 8.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 8, as follows:

Those who voted in the affirmative were:

Ashbach	Hughes	McCutcheon	Peterson	Staples
Bang	Humphrey	Menning	Pillsbury	Stokowski
Benedict	Jensen	Merriam	Purfeerst	Strand
Brataas	Johnson	Moe	Schaaf	Stumpf
Coleman	Keefe, S.	Nelson	Schmitz	Tennessee
Davies	Kirchner	Nichols	Setzepfandt	Ulland, J.
Dieterich	Kleinbaum	Ogdahl	Sieloff	Vega
Dunn	Knoll	Olhoft	Sikorski	Willet
Gearty	Laufenburger	Olson	Sillers	
Gunderson	Luther	Perpich	Spear	

Those who voted in the negative were:

Bernhagen	Knutson	Penny	Rued	Ueland, A.
Chmielewski	Lessard	Renneke		

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

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

SPECIAL ORDER

H. F. No. 1563: A bill for an act relating to organization and operation of state government; appropriating money for the department of transportation and for other purposes with certain conditions; amending Minnesota Statutes 1978, Sections 161.123; 174.24, Subdivision 3; 360.015, by adding a subdivision; and Laws 1973, Chapter 567, Section 8; repealing Minnesota Statutes 1978, Section 174.28.

CALL OF THE SENATE

Mr. Sieloff imposed a call of the Senate. The following Senators answered to their names:

Anderson	Engler	Knoll	Olhoft	Spear
Ashbach	Fredrick	Knutson	Penny	Staples
Bang	Gearty	Laufenburger	Perpich	Stokowski
Benedict	Gunderson	Lessard	Peterson	Strand
Bernhagen	Hanson	Luther	Rued	Stumpf
Brataas	Hughes	McCutcheon	Schaaf	Tennessee
Chenoweth	Humphrey	Merriam	Schmitz	Ueland, A.
Chmielewski	Jensen	Moe	Setzepfandt	Wegener
Davies	Johnson	Nelson	Sieloff	
Dunn	Kirchner	Ogdahl	Sikorski	

The Sergeant at Arms was instructed to bring in the absent members.

Mr. Vega moved to amend H. F. No. 1563, as amended pursuant to Rule 49, adopted by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1540.)

Page 14, after line 12, insert:

"Sec. 17. Minnesota Statutes 1978, Section 174.23, is amended by adding a subdivision to read:

Subd. 6. [DRIVER TRAINING.] The commissioner may make grants to any project eligible for assistance under sections 174.24 to 174.27, for the purpose of training drivers of vehicles operated by the project. The subjects of the training may include safe driving skills, techniques of assisting elderly and handicapped passengers and first aid. The commissioner may also contract with a public or private agency or institution to provide driver training to drivers of vehicles utilized by eligible projects."

Page 17, after line 32, insert:

"Sec. 23. Minnesota Statutes 1978, Chapter 174, is amended by adding a section to read:

[174.255] [PARATRANSIT PROGRAMS; ACCESSIBILITY; INSURANCE.] Subdivision 1. [HANDICAPPED ACCESSIBILITY.] The commissioner shall require any paratransit project receiving assistance under section 174.24 or 174.25 which includes the operation of two or more vehicles other than automobiles or taxis to provide at least one vehicle that is accessible to handicapped individuals and may require additional accessible vehicles if necessary to serve handicapped individuals expected to use the project. A vehicle is accessible if it is equipped to allow transportation of an individual confined to a wheelchair or using an orthopedic device.

Subd. 2. [ASSISTANCE IN OBTAINING INSURANCE.] In order to reduce the expense of liability insurance required for paratransit projects eligible for assistance under sections 174.24 and 174.25 the commissioner and the commissioner of insurance shall investigate the causes of high liability insurance costs and shall take the appropriate administrative action to assist paratransit projects to obtain liability insurance coverage from qualified insurance carriers at the lowest available cost. Appropriate administrative action includes: (a) taking bids from and negotiating and entering into contracts with qualified carriers to provide liability insurance for eligible paratransit projects that wish to be covered; or (b) providing technical and administrative assistance to eligible paratransit projects to assist them in securing low cost liability insurance."

Page 21, after line 15, insert:

"Sec. 26. Minnesota Statutes 1978, Chapter 174, is amended by adding a section to read:

[174.29] [COORDINATION OF SPECIAL TRANSPORTATION SERVICE.] Subdivision 1. [DEFINITION.] For the purpose of sections 26 to 28 "special transportation service" means motor vehicle transportation provided on a regular basis by any public or private entity or person which is designed exclusively or primarily to serve individuals who are elderly, handicapped, disabled or

economically disadvantaged and who are unable to use regular means of transportation. Special transportation service includes but is not limited to service provided by specially equipped buses, vans, taxis and volunteers driving private automobiles.

Subd. 2. [DIRECTION.] In order to provide more adequate access to transportation service for the elderly, handicapped and others with special transportation needs and to more efficiently utilize public and private funds expended for that purpose, all state agencies that assist, provide, reimburse or regulate special transportation services shall promote, support and facilitate coordination of those services with other special services and with regular transportation services offered to the general public.

Subd. 3. [INTERAGENCY TASK FORCE.] The commissioner or chief administrative officer of each department, agency or board of the state that assists, provides, reimburses or regulates special transportation services shall serve or appoint a representative to serve on an interagency task force on coordination of special transportation programs. The departments of economic security, education, health, public safety, public welfare and transportation, the council on the handicapped and the board on aging shall be represented on the task force. The commissioner of transportation shall appoint members of the task force representing other departments, boards or agencies of the state that assist, provide, reimburse or regulate special transportation service and shall appoint up to five additional members representing the metropolitan council, regional development commissions and public and private entities that provide special transportation service. The commissioner of transportation shall furnish necessary administrative support for the task force and shall chair or appoint a representative to chair the task force.

The task force shall:

(a) Identify the programs administered by state departments, agencies or boards to assist, provide, reimburse or regulate special transportation service and identify for each program the amount of state and federal money spent, the types of service provided, the types of individuals served and constraints on coordination with other special or regular transportation services;

(b) Identify possible strategies and opportunities for coordination of programs for special transportation services and evaluate them for effectiveness in improving or expanding access to transportation for those with special transportation needs and for efficiency in use of public investments and public funds;

(c) Develop a continuing procedure for interagency cooperation and communication concerning special and regular transportation programs and concerning the adoption of state operating standards for providers of special transportation service;

(d) Develop alternative ways in which transportation programs and expenditures of those agencies required to provide or reimburse special transportation services as a component of other

programs such as human services and educational programs can be coordinated with the programs and expenditures of agencies authorized to provide capital and operating assistance to operators of special and regular transportation service;

(e) Examine the feasibility of transportation voucher systems as a method of improving access to transportation for those with special transportation needs and decreasing capital and operating costs incurred by public agencies to support or provide that transportation. Voucher systems examined shall include systems which allow or require participation by agencies providing transportation as a component of other programs;

(f) Recommend the adoption of policies, rules and legislation necessary to implement programs which it has identified or developed as a result of its study and evaluation; and

(g) Report its findings, conclusions and recommendations to the legislature, including written and oral presentations to the appropriate standing committees. The task force shall make a preliminary report to the legislature not later than November 1, 1979. The preliminary report shall include the task force's findings under clause (a) and any additional findings, conclusions and recommendations which are appropriate for action by the legislature at the 1980 session. A final report covering all items set forth in clauses (a) to (f) shall be made to the legislature not later than July 1, 1980. This subdivision shall expire on December 31, 1980.

Sec. 27. Minnesota Statutes 1978, Chapter 174, is amended by adding a section to read:

[174.30] [OPERATING STANDARDS FOR SPECIAL TRANSPORTATION SERVICE.] *Subdivision 1. [SPECIAL DEFINITION.] For the purpose of this section "special transportation service" does not include transportation provided by a common carrier operating on fixed routes and schedules, a taxi, a volunteer driver using a private automobile, a school bus as defined in section 169.01, subdivision 6, or an emergency ambulance regulated under chapter 144.*

Subd. 2. [AUTHORITY TO ADOPT; PURPOSE AND CONTENTS; RULEMAKING.] The commissioner of transportation shall adopt standards for the operation of vehicles used to provide special transportation service which are reasonably necessary to protect the health and safety of individuals using that service. The commissioner, as far as practicable, consistent with the purpose of the standards, shall avoid adoption of standards that unduly restrict any public or private entity or person from providing special transportation service because of the administrative or other cost of compliance.

Standards adopted under this section may include but are not limited to:

(a) *Qualifications of drivers and attendants including driver training requirements;*

(b) *Safety equipment required for vehicles;*

(c) *General requirements concerning maintenance of standard equipment of vehicles; and*

(d) *Minimum insurance requirements.*

Subd. 3. [OTHER STANDARDS; WHEELCHAIR SECUREMENT.] *A special transportation service that transports individuals occupying wheelchairs is subject to the provisions of sections 299A.11 to 299A.18 concerning wheelchair securement devices. The commissioners of transportation and public safety shall cooperate in the enforcement of this section and sections 299A.11 to 299A.18 so that a single inspection is sufficient to ascertain compliance with sections 299A.11 to 299A.18 and with the standards adopted under this section.*

Subd. 4. [CERTIFICATE OF COMPLIANCE.] *The commissioner of transportation shall issue an annual certificate of compliance for each vehicle used to provide special transportation service which complies with the standards adopted under this section. A vehicle subject to subdivision 3 shall be issued a certificate of compliance only if the vehicle also complies with sections 299A.11 to 299A.18. The commissioner shall provide procedures for determining compliance and issuing the certificates. The procedures may include inspection of vehicles and examination of drivers.*

Subd. 5. [RULES.] *The standards authorized under subdivision 2 and the procedures authorized by subdivision 4 shall be adopted by rule in accordance with chapter 15. Not later than November 15, 1979, and before proposing any rules under this section the commissioner shall:*

(a) *Make available a draft of the rules, a plan for enforcing the rules and a proposed budget for the necessary enforcement activities of the department for review by the standing committees on transportation in both houses of the legislature; and*

(b) *Review the draft rules, enforcement plan and proposed budget with the interagency task force on coordination of special transportation service. The commissioner shall adopt the rules necessary to implement this section and commence enforcement of those rules not later than July 1, 1980.*

Subd. 6. [PREEMPTION OF OTHER REQUIREMENTS.] *Notwithstanding any other law, ordinance or resolution to the contrary an operator of special transportation service that has been issued a current certificate of compliance under subdivision 4 for a vehicle used to provide that service shall not be required to obtain any other state or local permit, license or certificate as a condition of operating the vehicle for that purpose. This subdivision does not exempt any vehicle from the requirements imposed on vehicles generally as a condition of using the public streets and highways.*

Subd. 7. [ENFORCEMENT.] *After January 1, 1981, no state agency, political subdivision or other public agency shall provide*

any capital or operating assistance to or reimbursement for services rendered by any operator of special transportation service unless current certificates of compliance have been issued under subdivision 4 for the vehicles used by the operator to provide the service.

Sec. 28. Minnesota Statutes 1978, Chapter 174, is amended by adding a section to read:

[174.31] [SPECIAL DEMONSTRATION PROJECT; COORDINATION OF SPECIAL TRANSPORTATION SERVICE IN THE METROPOLITAN AREA.] *Subdivision 1. [ESTABLISHMENT; OBJECTIVES.] A special demonstration project for coordination of special transportation service in the metropolitan area as defined in section 473.121, subdivision 2, shall be established and implemented by the commissioner with the following objectives:*

(a) To provide greater access to transportation for the elderly, handicapped and others with special transportation needs in the metropolitan area and particularly to fill all unmet needs for that transportation in the transit taxing district as defined in section 473.446, subdivision 2; and

(b) To develop an integrated system of special transportation service providing transportation tailored to meet special individual needs in the most cost-efficient manner using existing public and private providers of service.

For the purpose of this section "project" means the demonstration project established under this subdivision.

Subd. 2. [FINANCING; IMPLEMENTATION; MANAGEMENT AND ADVISORY GROUPS.] The project shall be operated pursuant to the rules governing and funded with money available under the paratransit service demonstration grant program. The commissioner shall not operate the project but shall contract for services necessary for its operation. All transportation service provided through the project shall be provided under a contract between the commissioner and the provider which specifies the service to be provided and the rates for providing it. The commissioner shall establish a committee to set management policies for the project. The management policy committee shall include the commissioner or his designee, representatives of persons contracting to provide services for the project, a representative of the metropolitan council, a representative of the metropolitan transit commission and at least two representatives of the task force established to advise the committee. The meetings of the management policy committee shall be public and minutes of all meetings shall be taken, preserved and made available for public inspection. The commissioner shall establish an advisory task force of individuals representing the elderly, handicapped and other users of service provided by the project to advise the management policy committee.

Subd. 3. [DUTIES OF COMMISSIONER.] In implementing the project the commissioner shall:

(a) Encourage participation in the project by public and private providers of special transportation service currently receiving capital or operating assistance from a public agency;

(b) Contract with public and private providers that have demonstrated their ability to effectively provide service at a reasonable cost;

(c) Encourage individuals using service provided through the project to use the type of service most appropriate to their particular needs;

(d) Insure that all persons providing service through the project receive equitable treatment in the allocation of the ridership;

(e) Encourage shared rides to the greatest extent practicable;

(f) Insure that a full range of service is made available through the project to all parts of the metropolitan transit taxing district;

(g) Encourage public agencies that provide transportation to eligible individuals as a component of human services and educational programs to coordinate with the project and to allow reimbursement for services provided through the project at rates that reflect the public cost of providing those services.

Subd. 4. [COORDINATION REQUIRED.] The commissioner shall not grant any financial assistance under sections 174.24 or 174.25 to any recipient that proposes to use any part of the grant to provide special transportation service in the metropolitan area unless the program is coordinated with the project in the manner determined by the commissioner. A recipient of a grant made before the effective date of this section shall coordinate its program with the project as far as practicable but shall not be denied any additional grant for which it is otherwise qualified solely because it is not coordinated with the project.

Subd. 5. [COMPLIANCE WITH OPERATING STANDARDS.] A vehicle providing special transportation service which is subject to the operating standards adopted pursuant to section 27 shall not be allowed to provide service through the project after January 1, 1981, unless a current certificate of compliance has been issued to the vehicle.

Subd. 6. [EVALUATION AND REPORTS.] The commissioner shall evaluate the project and submit a report to the legislature in January, 1981, including the following information:

(a) All amounts of money spent or obligated for the project by the commissioner and the persons receiving those amounts;

(b) The types of service provided, number of individuals served and areas covered;

(c) A comparison of the cost of providing different types of service;

(d) A review of the achievements or failures of the project, problems encountered in implementation and conclusions and recommendations concerning future action.

The commissioner shall submit a preliminary report to the legislature in January, 1980, covering the above information to the extent it is available at that time.

Subd. 7. [EXPIRATION OF PROJECT.] The project shall expire June 30, 1981, and the commissioner shall not enter a contract or make any grant the proceeds of which may be expended for the purpose of implementing or continuing the project beyond June 30, 1981.

Sec. 29. Minnesota Statutes 1978, Section 256B.04, Subdivision 12, is amended to read:

Subd. 12. Place limits on the types of services covered by medical assistance, the frequency with which the same or similar services may be covered by medical assistance for an individual recipient, and the amount paid for each covered service. The state agency shall promulgate rules, including temporary rules, establishing maximum reimbursement rates for emergency and non-emergency ambulance transportation.

The rules shall provide:

(a) An opportunity for all recognized transportation providers to be reimbursed for non-emergency transportation consistent with the maximum rates established by the agency;

(b) Reimbursement of public and private nonprofit providers serving the handicapped population generally at reasonable maximum rates that reflect the cost of providing the service regardless of the fare that might be charged by the provider for similar services to individuals other than those receiving medical assistance or medical care under this chapter; and

(c) Reimbursement for each additional passenger carried on a single trip at a substantially lower rate than the first passenger carried on that trip.

The commissioner shall encourage providers reimbursed under this chapter to coordinate their operation with similar services that are operating in the same community. To the extent practicable, the commissioner shall encourage eligible individuals to utilize less expensive providers capable of serving their needs.

For the purpose of this subdivision and section 256B.02, subdivision 8, and effective on January 1, 1981, "recognized providers of transportation services" means any operator of special transportation service as defined in section 24 that has been issued a current certificate of compliance with operating standards of the department of transportation or, if those standards do not apply to an operator, that the agency finds is able to provide the required transportation in a safe and reliable manner. Until January 1, 1981, "recognized transportation providers" includes any operator of special transportation service that the agency finds is able to provide the required transportation in a safe and reliable manner.

Sec. 30. [EFFECTIVE DATE.] *Sections 17, 23, 26, 27, 28 and 29 are effective the day following final enactment.*"

Page 26, after line 28, insert:

"Sec. 31. [TRANSFERS.] *The commissioner of transportation may transfer the following amounts from appropriations for para-transit grants to the appropriation for transit administration:*

(a) *Up to \$25,000 for administrative support for the inter-agency task force on coordination of special transportation programs; and*

(b) *Up to \$75,000 for development of operating standards for vehicles providing special transportation service and of procedures for enforcing the standards. Any amount transferred in the first year of the biennium shall not cancel but shall be available until June 30, 1981."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, after the semicolon insert "providing for encouragement, coordination and safety regulation of programs concerning special transportation service;"

Page 1, line 11, before the first semicolon insert "and by adding a subdivision"

Page 1, line 12, after the second semicolon insert "256B.04, Subdivision 12;"

Page 1, line 16, delete "a section" and insert "sections"

The motion prevailed. So the amendment was adopted.

Mr. Frederick moved to amend H. F. No. 1563, as amended pursuant to Rule 49, adopted by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1540.)

Page 26, after line 28, insert:

"Sec. 54. Minnesota Statutes 1978, Section 296.02, Subdivision 1, is amended to read:

296.02 [GASOLINE, EXCISE TAX.] Subdivision 1. [TAX IMPOSED FOR MOTOR VEHICLE USE.] There is hereby imposed an excise tax of *nine ten* cents per gallon on all gasoline used in producing and generating power for propelling motor vehicles used on the public highways of this state. This tax shall be payable at the times, in the manner, and by persons specified in this chapter.

Sec. 55. *The increased tax imposed by section 54 applies to all gasoline and special fuels, as defined in section 296.01, subdivision 6, in distributor storage on July 1, 1979."*

Amend the title as follows:

Page 1, line 9, after the semicolon, insert "increasing the excise tax on gasoline;"

Page 1, line 12, after the second semicolon, insert "296.02, Sub-division 1;"

Mr. Purfeerst moved to amend the Frederick amendment to H. F. No. 1563 as follows:

Page 1, after line 15, insert:

"Sec. 55. [161.045] [USE OF CERTAIN EXCISE TAX PROCEEDS.] *The net proceeds of the increase in the gasoline excise tax imposed pursuant to section 54 of this act shall be expended solely for maintenance of the streets and highways in existence on the effective date of this section which are eligible for assistance from the trunk highway fund, the county state-aid highway fund and the municipal state-aid street fund.*"

The motion did not prevail. So the amendment to the Frederick amendment was not adopted.

The question recurred on the amendment of Mr. Frederick.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 20 and nays 40, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Laufenburger	Pillsbury	Schaaf
Brataas	Jensen	Nichols	Purfeerst	Strand
Chmielewski	Kirchner	Olson	Renneke	Ueland, A.
Dunn	Knutson	Penny	Rued	Ulland, J.

Those who voted in the negative were:

Anderson	Gunderson	Knoll	Ogdahl	Spear
Bang	Hanson	Lessard	Olhoff	Staples
Benedict	Hughes	Luther	Perpich	Stokowski
Chenoweth	Humphrey	McCutcheon	Schmitz	Stumpf
Coleman	Johnson	Menning	Sieloff	Tennessen
Davies	Keefe, S.	Merriam	Sikorski	Vega
Dieterich	Kleinbaum	Moe	Sillers	Wegener
Gearty	Knaak	Nelson	Solon	Willet

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

Mr. Schaaf moved to amend H. F. No. 1563, as amended pursuant to Rule 49, adopted by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1540.)

Page 26, after line 28, insert:

"Sec. 39. [DEFINITIONS.] *Subdivision 1. The definitions in this section apply to sections 39 to 51.*

Subd. 2. "City" means the city of St. Paul in Ramsey County acting through the city council or any agency, authority or corpora-

tion established by or with the approval of the city, acting through its governing body, to implement any of the provisions of sections 39 to 53.

Subd. 3. "Commission" means the metropolitan transit commission created by Minnesota Statutes, Section 473.404, having jurisdiction over the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington.

Subd. 4. "People mover system" means an automated fixed guideway transit system designed to serve the main commercial area of the city of St. Paul and the area of the city surrounding it as determined by the board, and all property, real and personal, and all contract rights, determined to be necessary or desirable for the acquisition, betterment, operation and maintenance of the system.

Subd. 5. "Transit system" has the meaning given in Minnesota Statutes, Section 473.121.

Subd. 6. "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, Section 475.51.

Subd. 7. "Vehicle system" means the transit cars, the guideway, the guideway columns, the guideway electrification, the control and communication mechanisms, the platform doors, the maintenance and control center equipment, and other similar necessary components of the people mover system.

Subd. 8. "Capitol area" has the meaning given in Minnesota Statutes, Section 15.50.

Subd. 9. The "joint management board" or "board" means the board created under section 40.

Subd. 10. "Revenue service" means days the people mover system is actually operating and available for use by the general public.

Sec. 40. [JOINT MANAGEMENT BOARD; IMPLEMENTATION AUTHORITY.] *The city and the commission shall enter into a written joint powers agreement establishing a joint management board to manage and supervise the people mover system. The board shall have the powers and responsibilities provided for in sections 39 to 53 and in the agreement. The board shall be composed of seven members. Two shall be members of the commission appointed by the chairman of the commission with the approval of the commission. Not more than one of these members shall be a resident of the city of St. Paul. Two members of the St. Paul city council and two members representing property owners in the area served by the people mover shall be appointed by and serve at the pleasure of the mayor of the city of St. Paul and shall be confirmed by the council. Notwithstanding the provisions of section 471.59, subdivision 2, the seventh member and chairman of the board shall be appointed by the chairman of the metropolitan council established by Minnesota Statutes, Section 473.123 and shall not be a resident of the city of St. Paul. The city and the commission acting together, pursuant to the joint powers agreement or any amendment thereof, may exercise all powers conferred upon either or*

both of them by law or charter, to provide for the acquisition, betterment, operation, maintenance and promotion of a people mover system. The commission shall agree as part of the joint powers agreement to issue bonds as needed for the acquisition and betterment of the people mover system as provided in section 49. The joint powers agreement shall include an agreement providing for coordination of the people mover system with transit service operated by the commission to encourage and enhance ridership on both systems and a parking, traffic and pedestrian management plan to improve and facilitate access to the people mover system, including construction of fringe parking facilities and skyways. By December 15, 1980, the board shall report to the legislature on the joint powers agreement, the activities conducted pursuant to it and to sections 39 to 53, and any additional legislation that may be necessary or appropriate. In addition to filing copies of the report as provided in section 3.195, the board shall provide an oral presentation to the appropriate standing committees of the legislature.

Sec. 41. [METROPOLITAN COUNCIL REVIEW AND RECOMMENDATION.] *The metropolitan council established by Minnesota Statutes, Section 473.123, in making its review under Minnesota Statutes, Section 473.171, of the application for federal grant in connection with the people mover system as a matter of metropolitan significance, shall conduct a public hearing upon such application and the program proposed thereby within 30 days of submission of the application to the council. Not less than 14 days before the hearing the council shall publish notice thereof in a newspaper having general circulation in the metropolitan area, stating the date, time and place of hearing, and the place where the application may be examined by any interested person. Within 14 days after the hearing the council shall make its recommendation upon the application and cause notice of the same to be published in the same manner as the hearing notice.*

Sec. 42. [EQUIPMENT PURCHASE.] *Subdivision 1. [REQUEST FOR PROPOSALS.] Notwithstanding the provisions of Minnesota Statutes, Sections 471.345 and 471.35 or any other provision of law or charter, a contract for purchase of a vehicle system comprising part of the people mover system shall be awarded to the bidder whose proposal is determined to be most favorable on the basis of specifications which shall include the following considerations: the cost of the vehicle system; its cost consequence for other elements of the people mover system; the operating and maintenance cost of the vehicle system; its visual, aesthetic, environmental, noise and energy impact; the supplier's plan for winter operation; the capacity of the vehicle system to meet the functional and physical specifications of the contract documents; the ability of the bidder to perform design, furnishing, installing and testing services for all vehicle system elements and for construction coordination; and ability of the bidder to meet requirements imposed as contract conditions in any grant contract entered into with the federal government. Bids may not be solicited without approval by the board of the functional and physical specifications proposed for the vehicle system purchase contract. Eligi-*

ble bidders shall be limited to suppliers who have provided people mover systems which have successfully served the public.

Subd. 2. [CONTRACT AWARD.] Contracts for equipment purchase and for construction may not be awarded without approval of the board. The purchase contract for the vehicle system shall require the supplier to assure that the vehicle system operates within the specifications of the contract and to maintain the vehicle system for a five year period of revenue operation at a fixed base price with escalation clauses. The contract shall contain a provision permitting termination of the operation and maintenance portion of the contract (by the board) at the end of any year of revenue operation.

Subd. 3. [CERTIFICATION.] No revenue operation of the people mover system shall begin until the board receives written notice, signed by the administrator of the urban mass transportation administration, stating that the vehicle system or the part proposed to be operated has been fully tested, that it meets the criteria for acceptance established by the authority that let the construction and equipment purchase contracts with the concurrence of the administration, and that it is ready for year-around revenue operation. The purchase contract for the vehicle system shall so provide. The written notice from the administration shall not imply any legal liability of the federal government for construction or operation of the people mover system.

Sec. 43. [SPECIAL ASSESSMENT.] The people mover system and related access facilities, including the seventh place pedestrian mall and public galleria facilities, are determined to be local improvements within the meaning of the Minnesota Constitution, Article X, the city's charter, and Minnesota Statutes, Chapters 429 and 430. Accordingly, the costs of acquisition, construction, reconstruction, extension, operation, maintenance and promotion of the people mover system and such facilities whether paid or to be paid by the city or the commission, may be specially assessed against property determined to be specially benefited thereby, to the extent of and in proportion to the benefits. The special assessment shall be levied by the city pursuant to its charter, chapter 429 or 430, and the collections thereof may be pledged to the payment of the costs.

Sec. 44. [ACCESS FACILITIES.] By December 15, 1980 the board, the commission and the city shall report to the legislature on their plans for improving and facilitating access to the people mover system from other modes of transportation. In addition to filing copies of the reports as provided in section 3.195, the board, the city and the commission shall provide oral presentations of the reports to the appropriate standing committees of the legislature. The commission, subject to the approval of the board, shall produce a plan for managing the relationship between transit vehicles and the people mover to enhance ridership, revenue and patron satisfaction on both systems. The city, subject to the approval of the board, shall produce parking and traffic and pedestrian management plans, including plans for the construction of fringe parking ramps or lots and skyways to improve and facilitate

access to the people mover system. The parking plans shall identify the specific locations and capacities of the proposed facilities, along with preliminary design, engineering, and traffic management studies. The plans shall include a development program with a schedule for the development of such facilities and a detailed financial plan demonstrating financial capability for a prospective five year period to support the capital, operating, maintenance and promotional costs of the parking and other access facilities.

Sec. 45. [FARE AND TRANSFER POLICIES.] Subdivision 1. [REDUCED OR SOCIAL FARES.] Fares charged during non-peak hours for elderly and handicapped riders shall not exceed one-half of the peak hour fares for the general public. The board may charge the social fares provided in Minnesota Statutes, Section 473.408, Subdivision 3, during non-peak hours. The board shall determine the peak and non-peak hours of the people mover system for purposes of the reduced fares provided in this subdivision. Reduced or social fares charged by the board shall be reimbursed by the Minnesota department of transportation as provided in Minnesota Statutes, Section 174.24, Subdivision 4.

Subd. 2. [TRANSFER POLICY.] All fares charged to riders of the people mover system who transfer from the system to transit service provided by the commission shall be paid to the commission. No additional fare shall be charged to any rider who transfers to the people mover system from transit service provided by the commission.

Sec. 46. [OPERATING DEFICIT; DETERMINATION AND PAYMENT.] Subdivision 1. Any operating deficit of the people mover system shall be paid as provided in this section and section 47.

Subd. 2. For the purposes of this section and section 47, "operating deficit" means that portion of the costs of operating, maintaining and promoting the people mover system during the period of revenue service which exceeds the amount received from revenues of the system, reimbursement for reduced or social fares, federal operating assistance and other sources exclusive of payments by the city, the commission and owners of benefited properties as provided in this section and section 47.

Subd. 3. As soon as practicable before the start of revenue service, the board shall:

(a) Establish an operating deficit account for the deposit of all money required to be paid pursuant to this section by the city, the commission and owners of benefited properties and for the payment of the operating deficit;

(b) Determine the estimated operating deficit for the calendar year in which revenue service is expected to begin and for the first year of revenue service;

(c) Determine the amount of the share required from the city, the commission and the owners of benefited properties to pay the estimated operating deficit as provided in section 47. If the system

is expected to be in revenue service for only a portion of the first calendar year of revenue service, the shares shall be prorated according to the percentage of the year the system is expected to be in revenue service; and

(d) Establish procedures which assure that an amount equal to the estimated operating deficit for the calendar year in which service begins, as determined under clause (b), is paid to the operating deficit account by the city and the commission not later than the first day of revenue service and that additional amounts will be paid by the city and the commission if necessary to pay the actual operating deficit through the end of the first full calendar year of revenue service. The amounts which the city and commission may be required to pay pursuant to this clause are not limited to the amounts provided in section 47.

The city shall levy assessments on benefited properties pursuant to section 43 in the amount the board determines is required from the owners of the properties to pay the estimated operating deficit as determined under clause (c) of this subdivision. These assessments shall be levied at the earliest possible time consistent with the provisions of section 43.

Subd. 4. Not later than July 1 of the first full calendar year of revenue service and at one year intervals thereafter the board shall:

(a) Determine the actual operating deficit for the preceding calendar year;

(b) Determine the amounts paid into the operating deficit account during the preceding calendar year by the city, the commission and owners of benefited properties. Deductions and additions carried over from another year shall be included in payments made during the year subject to the determination;

(c) Determine the amounts which are required from the city, the commission and owners of benefited properties to pay the operating deficit for the preceding calendar year pursuant to section 47;

(d) Determine whether the city, the commission or owners of benefited properties have paid to the operating deficit account during the preceding calendar year an amount that is more or less than that required under clause (c) of this subdivision and deduct the excess from or add the deficiency to the required payment by that party for the following calendar year;

(e) Determine the estimated operating deficit for the following calendar year and the amounts which are required from the city, the commission and owners of benefited properties to pay that estimated operating deficit pursuant to section 47;

(f) Establish a schedule of payments by the city and the commission for the following calendar year which assures the payment of the estimated operating deficit in a timely manner; and

(g) Report its findings and determinations to the city and the commission.

For the purpose of the determination made in the first full calendar year of revenue service, the preceding calendar year is deemed to include all preceding calendar years in which an operating deficit was incurred or payments were made by the city, the commission and owners of benefited property.

Subd. 5. At the earliest possible time after receiving a report of the board as provided in subdivision 4, the city shall levy assessments for the amount determined by the board to be required from owners of benefited properties to pay the estimated operating deficit less any amount previously assessed which was not due and payable before the close of the previous year. The assessments shall be levied pursuant to section 43.

Subd. 6. The city and the commission shall pay the amounts determined by the board to be required from them to pay the estimated operating deficit according to the schedule established by the board.

Sec. 47. [OPERATING DEFICIT SHARING FORMULA.]
Subdivision 1. The city, the commission and the owners of benefited properties shall share in the payment of the operating deficit according to the provisions of subdivisions 2 to 5.

Subd. 2. Owners of benefited properties shall pay the first \$300,000 of any operating deficit for any year of revenue service, subject to escalation as provided in subdivision 5. Payments shall be pursuant to assessments levied by the city pursuant to section 43.

Subd. 3. If the operating deficit for any year exceeds the amount required to be paid pursuant to subdivision 2, the city, the commission and owners of benefited properties shall each pay one-third of the remaining portion up to a maximum of \$500,000, subject to escalation as provided in subdivision 5. Payments by owners of benefited properties shall be pursuant to assessments levied by the city pursuant to section 43.

Subd. 4. If the operating deficit for any year exceeds the amounts required to be paid pursuant to subdivisions 2 and 3, the city shall pay the additional amount.

Subd. 5. The maximum payments provided in subdivisions 2 and 3 shall be increased beginning July 1, 1978, to the close of the first year of revenue service by an amount equal to the local consumer price index not to exceed eight percent, compounded annually. After the first year of revenue service, the amount calculated under the preceding sentence shall be increased by the actual rate of inflation of the cost of operating, and maintaining the people mover system, compounded annually.

Sec. 48. [CAPITOL AREA FACILITIES; STATE OWNED PROPERTY.]
Subdivision 1. Construction of the people mover system within the capitol area shall be exempt from the provisions of Minnesota Statutes 1978, Section 15.50, Subdivision 2, Clause (e), requiring design competition except that capitol sta-

tion west shall be subject to an invited competition as defined in part II, 6, c(2) of the American Institute of Architecture document number 6-J332, issued November, 1976, sponsored and conducted by the capitol area architectural and planning board upon guidelines and criteria as determined by agreement between that board and the joint board. System improvements within the capitol area shall be in conformity with the comprehensive use plan for the capitol area and subject to the approval of the capitol area architectural and planning board.

Subd. 2. The commissioner of administration on behalf of the state may grant to the city or the commission, without compensation, easements for the construction, location and operation of the people mover system upon state owned property. The commissioner of administration and the urban mass transportation administration shall establish the value of easements and related access facilities in the capitol area which will be required for the people mover and which are eligible in lieu of cash as local contributions to the capital cost of the people mover project. The value of these easements and facilities shall be applied to the commission's share of the local contributions.

Sec. 49. Laws 1979, Chapter 46, Section 1, is amended by adding a subdivision to read:

Subd. 6. [PEOPLE MOVER SYSTEM.] The commission may issue certificates of indebtedness, bonds or other obligations in an amount not exceeding \$9,000,000 for the purpose of acquisition and betterment of the people mover system as defined in section 39. The proceeds of the obligations shall be expended as provided in the joint powers agreement entered into by the commission pursuant to section 40. Proceeds of the obligations which are not needed for acquisition and betterment of the people mover system shall be expended to pay the operating deficit of the people mover system pursuant to sections 46 and 47. No obligations shall be issued under this subdivision until the commission determines that agreements have been executed between the authority that will let the construction contract for the people mover system and the appropriate labor organizations and construction contractor organizations which provide that no labor strike or management lockout will halt, delay or impede construction.

Sec. 50. [JUDICIAL PROCEEDINGS; TIME TO COMMENCE.] *No action shall be commenced or maintained, nor defense interposed in an eminent domain proceeding, questioning the public purpose, propriety of expenditure of public funds, or validity of any law authorizing the acquisition, betterment, operation, maintenance or financing of the people mover system, except by lawsuit commenced in the district court of Ramsey County within 90 days of the date of publication of the metropolitan council recommendation given pursuant to section 41, or within 90 days of the date of written notice mailed to persons whose property may be taken by subsequent proceedings in eminent domain for the people mover system or right of way. Such action*

timely commenced by any taxpayer, any person whose property is or may be taken or interfered with by reason of the proposed implementation of the people mover system, or other person with standing, shall be maintained in the manner provided by law, including Minnesota Statutes, Chapter 562. Nothing in this subdivision nor notice given pursuant thereto shall be construed as a taking of private property, nor as limiting a property owner's right to just compensation for the taking of private property to be litigated in proceedings in eminent domain subsequently instituted under charter or Minnesota Statutes, Chapter 117, for such taking and assessment and award of damages.

Sec. 51. [LIMIT ON CAPITAL EXPENDITURES.] *Subdivision 1. [TOTAL EXPENDITURES.] Except as otherwise provided in this subdivision, the sum of all expenditures by the city and the commission, including federal grants and in-kind expenditures, for acquisition, construction and betterment of the people mover system shall not exceed \$90,000,000. This amount may be increased by up to 20 percent if the federal urban mass transportation administration provides 80 percent matching grants for any amount exceeding \$90,000,000 and that all of the non-federal share required to match the federal grants is provided by the city.*

Subd. 2. [COMMISSION EXPENDITURES.] The commission shall expend no money for the acquisition, construction or betterment of the people mover system except the proceeds of the bonds authorized in section 49.

Sec. 52. [REPEALER.] *Laws 1977, Chapter 454, Section 45, is repealed.*

Sec. 53. [EFFECTIVE DATE.] *Sections 39 to 52 are effective upon approval by resolution of the St. Paul city council and by resolution of the metropolitan transit commission. The resolutions shall be adopted after published notice to the public and public hearing."*

Amend the title as follows:

Page 1, line 9, after the semicolon insert "authorizing the acquisition, betterment, operation and maintenance of a people mover system in St. Paul; authorizing financial participation in its construction and operation by the metropolitan transit commission; providing for assistance by the state;"

Page 1, line 16, delete "and"

Page 1, line 17, before the period insert "; and Laws 1979, Chapter 46, Section 1, by adding a subdivision; repealing Laws 1977, Chapter 454, Section 45"

Mr. Sieloff moved to amend the Schaaf amendment to H. F. No. 1563 as follows:

Page 1, line 9, delete "51" and insert "52"

Page 14, after line 17, insert:

"Sec. 52. [RELATIONSHIP TO TAX INCREMENT FINANCING DISTRICTS.] *After approval of sections 39 to 53 by the governing body of the city of St. Paul, no tax increment financing district may be certified by the county auditor pursuant to the provisions of Minnesota Statutes, Chapters 458, 462, 472A or 474 if the proposed district includes any property located within a distance of one half mile of the proposed route of the people mover system. In the case of a tax increment financing project for which certification has been requested from the county auditor prior to approval of sections 39 to 53, there may be no geographic enlargement of the district to add any property located within one half mile of the route. If a district for which certification was requested prior to approval of sections 39 to 53 includes property located within one half mile of the route, no bonds may be issued after the date of the approval of sections 39 to 53 by the municipality or the authority responsible for the project for the purpose of financing project activities within the district.*"

Page 14, line 20, delete "52" and insert "53"

The motion prevailed. So the amendment to the Schaaf amendment was adopted.

Mr. Sieloff then moved to amend the Schaaf amendment to H. F. No. 1563 as follows:

Page 11, line 17, after the comma insert "*owners of benefited properties shall pay one-half of the excess up to a maximum of \$800,000, subject to escalation as provided in subdivision 5, and*"

Page 11, line 17, delete "*additional*" and insert "*remaining*"

Page 11, line 18, after "*amount*" insert "*of the excess*"

Page 11, line 18, after the period insert "*Payments by owners of benefited properties shall be pursuant to assessments levied by the city pursuant to section 43.*"

The motion prevailed. So the amendment to the Schaaf amendment was adopted.

Mr. Sieloff then moved to amend the Schaaf amendment to H. F. No. 1563 as follows:

Page 5, line 17, after the period insert "*The five year period shall be extended for the period of time equal to the time when the vehicle system is not in service because of a failure of the system to perform according to the specifications of the contract.*"

The motion prevailed. So the amendment to the Schaaf amendment was adopted.

Mr. Luther moved to amend the Schaaf amendment to H. F. No. 1563 as follows:

Page 2, line 29, delete "*seven*" and insert "*nine*"

Page 3, line 4, after "*council.*" insert "*Two members of the Ramsey County board of commissioners shall be appointed by the county board.*"

Page 3, line 6, delete "*seventh*" and insert "*ninth*"

Page 3, line 15, delete "*The commission*" and insert "*Ramsey County*"

Page 6, line 17, after the period, insert "*No state-owned property shall be assessed pursuant to this section.*"

Page 12, line 24, delete everything after "49."

Page 12, delete line 25

Page 12, line 26, delete "*Subd. 6. [PEOPLE MOVER SYSTEM.]*" and insert "*[RAMSEY COUNTY BONDS.]*"

Page 12, line 26, delete "*The commission*" and insert "*Ramsey County*"

Page 12, line 32, delete "*commission*" and insert "*county board*"

Page 12, line 33, delete everything after the period

Page 13, delete lines 1 and 2

Page 13, line 3, delete everything before "No"

Page 13, line 5, delete "*commission*" and insert "*county board*"

Page 13, after line 10, insert:

"The obligations authorized by this section shall be sold, issued and secured in the manner provided in Minnesota Statutes, Chapter 475, for general obligation bonds. The full faith and credit and taxing powers of Ramsey County, with respect to the commercial and industrial property located therein shall be pledged to the payment of the principal and interest of the bonds. The county board of commissioners shall levy an amount of tax necessary to pay the principal and interest of the bonds upon all parcels of taxable real estate, including buildings and improvements thereon, which are situated in the county and are devoted to a commercial or industrial use. For the purpose of this section, commercial and industrial property includes all real property in class 4 as described in section 273.13, subdivision 9, except real property and buildings and improvements thereon which are used exclusively to provide residential, nontransient housing, and for functionally related and subordinate purposes. The approval of the electors of Ramsey County shall not be required for the issuance of bonds authorized by this section."

Page 13, line 17, after the comma, insert "*including the special assessment provisions of this act,*"

Amend the title amendment as follows:

Page 14, line 30, delete "and"

Page 14, line 31, delete "operation by the metropolitan transit commission" and insert "by Ramsey County; establishing a procedure for payment of the operating deficit"

Page 14, line 32, after the semicolon insert "authorizing issuance of bonds by Ramsey County and payment from a tax levied on commercial and industrial property in Ramsey County;"

Page 14, delete line 33

Page 15, line 1, delete "; and Laws"

Page 15, line 2, delete everything before the semicolon

The question was taken on the adoption of the Luther amendment to the Schaaf amendment.

The roll was called, and there were yeas 12 and nays 42, as follows:

Those who voted in the affirmative were:

Benedict	Gunderson	Menning	Penny	Spear
Davies	Knoll	Olson	Sikorski	Tenneesen
Engler	Luther			

Those who voted in the negative were:

Ashbach	Gearty	Laufenburger	Renneke	Stumpf
Bang	Hughes	Lessard	Rued	Ueland, A.
Bernhagen	Humphrey	Moe	Schaaf	Ulland, J.
Brataas	Jensen	Nelson	Schmitz	Vega
Chenoweth	Keefe, S.	Ogdahl	Setzepfandt	Wegener
Chmielewski	Kirchner	Olhoft	Sieloff	Willet
Coleman	Kleinbaum	Peterson	Solon	
Dunn	Knaak	Pillsbury	Stokowski	
Frederick	Knutson	Purfeerst	Strand	

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

Pursuant to Rule 21, Mr. Moe moved that the following members be excused at 4:30 o'clock p.m. for a Conference Committee on H. F. No. 1518:

Messrs. Moe, Solon, Kirchner, Spear and Perpich. The motion prevailed.

Pursuant to Rule 21, Mr. McCutcheon moved that the following members be excused at 5:30 o'clock p.m. for a Conference Committee on H. F. No. 1495:

Messrs. McCutcheon, Sillers, Hanson, Johnson and Stokowski. The motion prevailed.

Pursuant to Rule 21, Mr. Merriam moved that the following members be excused at 6:30 o'clock p.m. for a Conference Committee on H. F. No. 223:

Messrs. Merriam, Anderson, Dunn, Hughes and Dieterich. The motion prevailed.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused at 7:30 o'clock p.m. for a Conference Committee on S. F. No. 1504:

Messrs. Moe, Kleinbaum, Menning, Pillsbury and Ashbach. The motion prevailed.

Pursuant to Rule 21, Mr. Humphrey moved that the following members be excused at 7:30 o'clock p.m. for a Conference Committee on S. F. No. 1510:

Messrs. Humphrey; Willet; Chenoweth; Keefe, S. and Dunn. The motion prevailed.

Mr. Benedict moved to amend the Schaaf amendment to H. F. No. 1563 as follows:

Page 14, after line 17, insert:

“Sec. 52. [REFERENDUM.] The governing body of any municipality, county or of the commission, before issuing any debt obligations for the purpose of acquisition or betterment of the people mover system, shall cause a referendum to be held on the sale of bonds if the governing body is presented with a petition signed by residents of the jurisdiction equal in number to 10 percent of those voting for the office of governor at the last gubernatorial election within the jurisdiction. The petition shall be presented to the governing body within 30 days of any vote by the governing body to issue debt obligations for the purpose of acquisition or betterment of the people mover system. If a referendum is required, the matter shall be placed on the ballot of the jurisdiction and shall be voted on at the next election of officers of that jurisdiction. If the commission is required to cause a referendum to be held under this section, the matter shall be placed on the county ballots of the seven metropolitan area counties at the next election of county officers. The question on the ballot shall be:

“Shall the (name of city, county or commission) issue debt obligations for the purpose of constructing the downtown people mover?”

*Yes
No”*

If a referendum is required, no debt obligations shall be issued by the jurisdiction unless a majority of those voting on the question vote “yes”.

Renumber the sections in sequence

Correct the internal references

The question was taken on the adoption of the Benedict amendment to the Schaaf amendment.

The roll was called, and there were yeas 18 and nays 33, as follows:

Those who voted in the affirmative were:

- | | | | | |
|-----------|---------|-----------|----------|------------|
| Benedict | Knaak | Penny | Sikorski | Ulland, J. |
| Dieterich | Luther | Peterson | Staples | Willet |
| Frederick | Menning | Pillsbury | Strand | |
| Gunderson | Olson | Sieloff | Stumpf | |

Those who voted in the negative were:

Ashbach	Gearty	Knoll	Olhoff	Solon
Bernhagen	Hughes	Knutson	Perpich	Spear
Brataas	Humphrey	Laufenburger	Purfeerst	Ueland, A.
Coleman	Jensen	Lessard	Rued	Vega
Davies	Keefe, S.	Moe	Schaaf	Wegener
Dunn	Kirchner	Nelson	Schmitz	
Engler	Kleinbaum	Nichols	Setzepfandt	

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

Mr. Humphrey moved to amend the Schaaf amendment to H. F. No. 1563 as follows:

Page 2, lines 18 and 26, delete "*management*"

Page 2, line 23, delete "MANAGEMENT"

Page 2, line 26, delete "*manage and*"

Page 2, line 26, after "*supervise*" insert "*the construction of*"

Page 3, line 13, delete the second comma and insert "*and*"

Page 3, line 14, delete "*, operation, maintenance and promotion*"

Page 5, line 19, delete "*by the board*"

Page 6, line 26, delete "*subject to the approval of*" and insert "*in consultation with*"

Page 6, line 30, delete "*subject to the approval of*" and insert "*in consultation with*"

Page 7, line 10, delete "FARE AND TRANSFER POLICIES" and insert "OPERATION BY COMMISSION; FARES; TRANSFERS"

Page 7, line 10, after "1." insert "[OWNERSHIP AND OPERATION.] *The commission shall own the people mover system and shall operate the system beginning with the first day of revenue service.*

Subd. 2."

Page 7, line 14, delete "*board*" and insert "*commission*"

Page 7, line 16, delete "*board*" and insert "*commission*"

Page 7, line 19, delete "*board*" and insert "*commission*"

Page 7, line 22, delete "2" and insert "3"

Page 7, lines 22 to 25. delete all the language from "All" in line 22 through the period in line 25

Page 7, line 27, after "*from*" insert "*other*"

Page 8, line 10, delete "*board*" and insert "*commission*"

Page 9, line 6, delete "*board*" and insert "*commission*"

Page 9, line 14, delete "*board*" and insert "*commission*"

Page 10, line 11, delete "*and the commission*"

Page 10, line 19, delete "*board*" and insert "*commission*"

Page 10, line 21, delete "*board*" and insert "*commission*"

Page 10, line 27, delete "*board*" and insert "*commission*"

Page 10, line 29, delete "*board*" and insert "*commission*"

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

Mr. Chmielewski moved to amend the Schaaf amendment to H. F. No. 1563 as follows:

Page 14, after line 24, insert:

"Sec. 54. Minnesota Statutes 1978, Section 296.02, Subdivision 1, is amended to read:

296.02 [GASOLINE, EXCISE TAX.] Subdivision 1. [TAX IMPOSED FOR MOTOR VEHICLE USE.] There is hereby imposed an excise tax of ~~nine cents per gallon~~ on all gasoline used in producing and generating power for propelling motor vehicles used on the public highways of this state. *The rate of the gasoline excise tax shall be in terms of cents per gallon and shall be determined pursuant to section 55 or 56.* This tax shall be payable at the times, in the manner, and by persons specified in this chapter.

Sec. 55. Minnesota Statutes 1978, Chapter 296, is amended by adding a section to read:

[296.021] [RATE OF GASOLINE EXCISE TAX.] *Subdivision 1. [BASE RATE.] The base rate for excise tax computation shall be nine cents per gallon. The base value for the consumer price index is the January, 1978, revised all urban consumer price index for the Minneapolis-St. Paul metropolitan area, prepared by the United States Department of Labor, with 1967 as the base year.*

Subd. 2. [COMPUTATION OF TAX RATE.] Annually on or before June 1, the commissioner shall determine the excise tax rate in terms of cents per gallon, in the following manner:

(a) The base rate of excise tax for gasoline shall be multiplied by an indexing factor to be determined by dividing the value of the revised all urban consumer price index for the Minneapolis-St. Paul metropolitan area, prepared by the United States Department of Labor, for the month of February of the current year by the base value for the consumer price index.

(b) The excise tax so determined shall be rounded down to the nearest one-tenth of one cent, and shall be effective July 1 of the current year.

If the consumer price index for February of the current year is computed using a base year other than 1967, the value of the current index shall be adjusted by recomputing it using 1967 as the base year. The adjusted value of the current index shall be used to determine the tax rate under clause (a).

Sec. 56. Minnesota Statutes 1978, Chapter 296, is amended by adding a section to read:

[296.022] [EXPIRATION OF INDEXING; CONTINUATION OF RATE.] *Effective July 2, 1979, section 55 is repealed and the rate of excise tax for gasoline is the rate which was calculated pursuant to section 2 and in effect on July 1, 1979.*

Sec. 57. *Notwithstanding the provisions of section 55 of this act, the rate of the gasoline excise tax imposed pursuant to Minnesota Statutes, Section 296.02, Subdivision 1, shall be nine cents per gallon until July 1, 1979.*

Sec. 58. [REPORT TO LEGISLATURE.] *Prior to January 1, 1981, the commissioners of transportation and revenue shall report to the legislature on the consumer price index based gasoline excise tax.*

Sec. 59. [EFFECTIVE DATE.] *Sections 56 to 58 are effective the day after final enactment."*

Amend the title amendment as follows:

Page 14, line 32, after the semicolon, insert "increasing the excise tax on gasoline;"

Page 14, after line 33, insert:

"Page 1, line 16, after the last semicolon, insert "Chapter 296, by adding sections;"

The question was taken on the adoption of the Chmielewski amendment to the Schaaf amendment.

The roll was called, and there were yeas 18 and nays 33, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Laufenburger	Penny	Rued
Bernhagen	Jensen	Lessard	Pillsbury	Schmitz
Brataas	Kirchner	Ogdahl	Purfeerst	Wegener
Chmielewski	Knutson	Olson		

Those who voted in the negative were:

Benedict	Gearty	Luther	Renneke	Strand
Chenoweth	Gunderson	Menning	Schaaf	Stumpf
Coleman	Humphrey	Moe	Setzepfandt	Tennessee
Davies	Keefe, S.	Nelson	Sieloff	Vega
Dieterich	Kleinbaum	Nichols	Sikorski	Willet
Dunn	Knaak	Perpich	Spear	
Engler	Knoll	Peterson	Staples	

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

The question recurred on the Schaaf amendment, as amended.

Mr. Schaaf moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 34 and nays 23, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Kirchner	Perpich	Solon
Bang	Frederick	Kleinbaum	Peterson	Ueland, A.
Bernhagen	Gearty	Lessard	Pillsbury	Ulland, J.
Brataas	Hanson	Moe	Purfeerst	Vega
Chmielewski	Humphrey	Nelson	Rued	Wegener
Coleman	Jensen	Ogdahl	Schaaf	Willet
Dunn	Keefe, S.	Olson	Setzepfandt	

Those who voted in the negative were:

Benedict	Knaak	Menning	Schmitz	Staples
Chenoweth	Knoll	Merriam	Sieloff	Strand
Davies	Knutson	Nichols	Sikoraki	Stumpf
Dieterich	Laufenburger	Penny	Spear	Tennessee
Gunderson	Luther	Renneke		

The motion prevailed. So the Schaaf amendment, as amended, was adopted.

Mr. Penny moved to amend H. F. No. 1563, as amended pursuant to Rule 49, adopted by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1540.)

Page 26, after line 28, insert:

"Sec. 39. Minnesota Statutes 1978, Section 222.48, is amended to read:

222.48 [DEFINITIONS.] Subdivision 1. As used in sections 222.46 to 222.54, the terms defined in this section shall have the meanings given them herein.

Subd. 2. "Department" means the ~~state planning agency department~~ of transportation .

Subd. 3. "~~Director~~" "*Commissioner*" means the ~~director of the state planning agency commissioner of transportation~~ .

Subd. 4. "Rail line" means railroad roadbeds, track, track structure, and other appurtenances of railroad right-of-way.

Subd. 5. "Rail service" means rail transportation and local rail service.

Subd. 6. "Rail users" means shippers, consignors or other business entities that depend upon or benefit from the movement of goods and products by means of rail service.

Subd. 7. "*Federal rail service continuation program*" means any federal program created under the Railroad Revitalization and Regulatory Reform Act of 1976, Public Law 94-210, as amended.

Sec. 40. Minnesota Statutes 1978, Section 222.50, Subdivision 3, is amended to read:

Subd. 3. The ~~director~~ *commissioner* shall have the power to:

(a) Set priorities for the allocation *and expenditure* of money or in kind contributions ~~to railroads according to authorized under the rail service improvement program and develop criteria developed by the director for eligibility and approval of projects under the program.~~ The criteria shall include the anticipated economic and social benefits to the state and to the area being served *and the economic viability of the project;*

(b) Negotiate and enter into contracts for rail line rehabilitation or other rail service improvement;

(c) Disburse state and federal money for rail service improvements; *and*

(d) Adopt rules necessary to carry out the purposes of sections 222.46 to 222.54 ; *and*

~~(e) Acquire elm railroad ties manufactured by Stillwater state prison inmates and disperse them by sale, lease or otherwise to be used in rail line rehabilitation. The director may negotiate with rail companies concerning the use of the ties. Progress reports on this activity shall be submitted to the senate finance and house appropriations committees on a regular basis .~~

Sec. 41. Minnesota Statutes 1978, Section 222.50, Subdivision 4, is amended to read:

Subd. 4. The director may negotiate and enter into contracts for the purpose of rail line rehabilitation *and for the purpose of assisting in the payment of the local share of a rehabilitation project under the federal rail service continuation program.* The participants in these contracts shall be railroads, rail users and the department, and may be political subdivisions of the state and the federal government. In such contracts, participation by all parties shall be voluntary. The director may provide a portion of the money required to carry out the terms of any such contract by expenditure from the rail service improvement account.

Sec. 42. Minnesota Statutes 1978, Section 222.50, Subdivision 6, is amended to read:

Subd. 6. The commissioner may approve grants from the rail service improvement account for payment of the local share of the cost of any rail line project under the *federal rail service continuation program established by the Railroad Revitalization and Regulatory Reform Act of 1976, Public Law 94-210, Section 803, provided that the amount of any grant shall not exceed the amount of state tax revenue attributable to the project rail line during the last year of operation of the line preceding the year in which the grant is approved.*

Sec. 43. Minnesota Statutes 1978, Section 222.50, is amended by adding a subdivision 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 acquire, repair and make available to rail users by lease, sale or otherwise rolling stock capable of transporting agricultural commodities on light density rail lines;*

(c) *To pay all or a portion of the costs of small capital improvement demonstration 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, acquisition and repair of rolling stock for use on light density lines and construction and improvement of loading, unloading, storage and transfer facilities of a rail user;*

(d) *To acquire, maintain, manage and dispose of railroad right-of-way under the state rail bank program;*

(e) *To assist in the placement of monuments or markers necessary to indicate the boundary lines of tracts of property adjoining a railroad right-of-way abandoned after the effective date of this section.*

All money derived by the commissioner from the disposition of railroad right-of-way acquired under the state rail bank program or of any other property acquired pursuant to sections 222.46 to 222.62 shall be deposited in the rail service improvement account.

Sec. 44. Minnesota Statutes 1978, Section 222.51, is amended to read:

222.51 [PARTICIPATION BY POLITICAL SUBDIVISIONS.] The governing body of any political subdivision of the state may with the approval of the ~~director~~ *commissioner* appropriate money for rail service improvement and may participate in the state rail service improvement program *and the federal rail service continuation program* .

Sec. 45. Minnesota Statutes 1978, Section 222.53, is amended to read:

222.53 [ACCEPTANCE OF FEDERAL MONEY.] The ~~director~~ *commissioner* may exercise those powers necessary for the state to qualify for, accept, and disburse any federal money that may be made available pursuant to the provisions of the federal rail ~~revitalization and regulatory reform act of 1976~~ *service continuation program* , including the power to:

(a) Establish an adequate plan for rail service in the state as part of an overall planning process for all transportation services in the state, including a suitable process for updating, revising, and amending the plan;

(b) Administer and coordinate the plan with other state agencies, and provide for the equitable distribution of resources;

(c) Develop, promote, and support safe, adequate and efficient rail transportation services; employ qualified personnel; maintain adequate programs of investigation, research, promotion and devel-

opment, with provisions for public participation; and take all practical steps to improve transportation safety and reduce transportation related energy utilization and pollution;

(d) Adopt and maintain adequate procedures for financial control, accounting and performance evaluation in order to assure proper use of state and federal money;

(e) Do all things otherwise necessary to maximize federal assistance to the state under the federal rail revitalization and regulatory reform act of 1976 service continuation program .

Sec. 46. Minnesota Statutes 1978, Chapter 222, is amended by adding a section to read:

[222.545] [ADVOCACY OF IMPROVED SERVICE.] *The commissioner may advocate and promote improved rail service and more effective use of available rail service at a reasonable cost by: (a) providing technical assistance to rail users; (b) negotiating with persons representing the rail industry and other transportation modes; and (c) appearing on behalf of the public in the regulatory, rulemaking and other proceedings of state and federal agencies in support of improved and innovative rail service and for other purposes.*

Sec. 47. Minnesota Statutes 1978, Section 222.55, is amended to read:

222.55 [RAIL USER LOAN GUARANTEE PROGRAM; PURPOSE.] *In order to aid rail users in obtaining credit for participation in contracts for rail line rehabilitation and for paying the costs of capital improvements necessary to improve rail service or reduce the impact of discontinuance of rail service , there is established a rail user loan guarantee program to provide state money in guarantee of loans made according to the provisions of sections 222.55 to 222.62.*

Sec. 48. Minnesota Statutes 1978, Section 222.56, Subdivision 5, is amended to read:

Subd. 5. "Loans" means a loan or advance of credit to a rail user for participation in contracts for rail line rehabilitation or for paying the costs of capital improvements necessary to improve rail service or reduce the impact of discontinuance of rail service.

Sec. 49. Minnesota Statutes 1978, Section 222.57, is amended to read:

222.57 [RAIL USER LOAN GUARANTEE ACCOUNT.] *There is created a rail user loan guarantee account as a separate account in the special revenue fund in the state treasury rail service improvement account , which shall be used by the commissioner for carrying out the provisions of sections 222.55 to 222.62 with respect to loans insured under section 222.58. The commissioner may transfer to the rail user loan guarantee account from money otherwise available in the rail service improvement account whatever amount is necessary to implement the rail user loan guarantee*

program and may withdraw any amount from the rail user loan guarantee account which is not required to insure outstanding loans as provided in section 222.60, subdivision 1.

Sec. 50. Minnesota Statutes 1978, Section 222.58, Subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY REQUIREMENTS.] A loan is eligible for insurance under this section under the following conditions:

(a) The loan shall be in an original principal amount, bear an interest rate, contain complete amortization provisions, and have a maturity satisfactory under such terms as the commissioner may prescribe by rule.

(b) The proceeds of the loan shall be used solely for

(i) participation in contracts for capital investment loans for rail line rehabilitation, or

(ii) *capital improvement projects designed to improve rail service or reduce the economic impact of discontinuance of rail service. The projects may include but are not limited to construction or improvement of short segments of rail line such as side track, team track and connections between existing lines; acquisition and repair of rolling stock for use on low density rail lines; and construction and improvement of loading, unloading, storage and transfer facilities of the rail user .*

(c) The loan agreement shall contain such terms and provisions with respect to any other matters as the commissioner may, in his discretion, prescribe.

(d) The borrower provides a personal guarantee and collateral for the loan which is acceptable to the commissioner as sufficient security to protect the interests of the state.

Sec. 51. Minnesota Statutes 1978, Section 222.58, is amended by adding a subdivision to read:

Subd. 5a. [INTEREST ADJUSTMENT.] *A loan insured under this section that is amortized over a term of not more than ten years with equal annual installments of principal and interest and that has an interest rate exceeding seven percent per annum is eligible for an interest adjustment under this subdivision. The commissioner may pay annually to the lender a percentage of the outstanding balance due on an eligible loan at the beginning of the year equal to the difference between the interest rate on the loan and an interest rate of seven percent per annum. The percentage paid by the commissioner shall not exceed four percent. The borrower shall reimburse the commissioner for any amounts paid pursuant to this subdivision the year after the last payment is due on the loan. The obligation to reimburse the commissioner shall be a lien against any property of the borrower in which the proceeds of the loan have been invested. As a condition of receiving an interest adjustment the commissioner may require the borrower to demonstrate inability to obtain similar assistance or a low interest loan from other available sources. The commis-*

sioner may adopt by rule additional reasonable conditions or qualifications for payment of interest adjustments under this subdivision.

Sec. 52. Minnesota Statutes 1978, Chapter 222, is amended by adding a section to read:

[222.63] [ABANDONED RIGHT-OF-WAY; STATE RAIL BANK.] *Subdivision 1. [DEFINITION.] For the purpose of this section the term "abandoned", when used with reference to a railroad line or right-of-way, means a line or right-of-way with respect to which the interstate commerce commission has found that the public convenience and necessity permit discontinuance of rail service, or a line or right-of-way which is owned by a railroad company which is in bankruptcy proceedings.*

Subd. 2. [ESTABLISHMENT; ACQUISITION; ELIGIBLE PROPERTIES.] A state rail bank is established for the acquisition, preservation and disposition of abandoned railroad right-of-way for future use for commercial transportation of people and goods and transmission of electrical energy. The commissioner of transportation may acquire by gift, purchase, lease, easement or otherwise all or part of any abandoned railroad right-of-way which is necessary for inclusion in the state rail bank to meet the future commercial transportation needs of the state. The commissioner may acquire an interest in all or a portion of an abandoned right-of-way for inclusion in the state rail bank by eminent domain but shall not exercise that power with respect to any property if an owner of the property files a notice of objection to the taking with the court on or before the date set for hearing the eminent domain petition.

An abandoned right-of-way is eligible for inclusion in the state rail bank if the right-of-way:

(1) Provides or is expected to provide access to a major energy using facility such as an electrical generating plant, major heating plant or other major industrial user of energy;

(2) Provides or is expected to provide access to a major storage or terminal facility of statewide significance in the marketing of agricultural commodities;

(3) Provides important access to surrounding states;

(4) Is a potential corridor for a pipeline, electrical transmission line, highway, transit route, rail passenger line or other similar commercial transportation use; or

(5) Provides access to an extractive resource requiring rail service for its development.

Subd. 3. [PUBLIC AND AGENCY PARTICIPATION.] If the commissioner desires to dispose of or utilize any right-of-way which he has acquired pursuant to authorization under subdivision 6, he shall publish a notice of the proposed action in the state register and in at least one newspaper of general circulation in the area where the right-of-way is located. If any person objects in writing

to the proposed action within 30 days of publication of notice the commissioner shall proceed in the manner provided for a contested case. If no written objection is received the commissioner may take the proposed action only after holding a public meeting to seek public comment on the action. At least one hearing or meeting required under this subdivision shall be held in the area where the right-of-way is located.

Subd. 4. [ANNUAL REVIEW; SPECIFIC USE OF RIGHT-OF-WAY; DISPOSITION REQUIRED.] *The commissioner shall annually review the status of each property included in the state rail bank to determine whether to retain or dispose of the property. The commissioner shall dispose of any property for which no specific commercial transportation use has been identified by the commissioner within five years after its acquisition. The commissioner shall dispose of any property for which a specific commercial transportation use has been identified but which is not disposed of or utilized for a commercial transportation purpose within 15 years after its acquisition.*

The commissioner may require as a condition of sale to adjacent owners that the property be purchased in its entirety for resale to the individual adjacent owners.

Subd. 5. [INTERVENTION IN ABANDONMENT PROCEEDING.] *The commissioner may intervene in a proceeding of the interstate commerce commission on the issue of suitability for a public use of a rail line proposed to be abandoned if the commissioner finds that the right-of-way of the line would be eligible for inclusion in the state rail bank. To the extent practicable before intervening as provided in this section the commissioner shall hold at least one public meeting in the area in which the line is located to solicit opinions of interested persons concerning the commissioner's proposed action.*

Subd. 6. [AUTHORIZATION TO ACQUIRE.] *The commissioner shall not acquire any right-of-way for inclusion in the rail bank until he has determined that the right-of-way is eligible for inclusion, has held at least one public meeting in the area in which the line is located to solicit opinions of interested persons concerning the commissioner's proposed action, and the legislature has authorized the acquisition. The commissioner shall annually submit a report to the legislature on the status of the rail bank including an analysis of eligible lines in the state, the service status of eligible lines, the status of any lines acquired for the rail bank and recommendations concerning rights-of-way that the commissioner desires to acquire. If legislative authorization is required for acquisition of a right-of-way when the legislature is not in session, the legislative advisory commission may authorize the acquisition.*

Subd. 7. [RULES.] *The commissioner of transportation may adopt rules necessary to establish criteria for properties eligible for inclusion in the rail bank and to establish public procedures for acquisition and disposition of rail bank properties.*

Subd. 8. [AUTHORIZATION OF RIGHT-OF-WAY ACQUISITION.] *The commissioner may acquire the right-of-way of the Chicago, Milwaukee, St. Paul and Pacific Railroad between Jackson and Ramsey, and between Minnesota Lake and Wells.*

Sec. 53. Minnesota Statutes 1978, Section 174.03, Subdivision 4, is amended to read:

Subd. 4. [OTHER DUTIES.] The commissioner shall:

(a) Construct and maintain transportation facilities as authorized by law;

(b) Cooperate with, and may provide technical and financial assistance to, the metropolitan council and regional development commissions in the regional transportation planning process, in accordance with mutually acceptable terms and conditions;

(c) Cooperate with and may provide planning and technical assistance upon the request of any political subdivision or other governmental agency in accordance with mutually accepted terms and conditions, except as otherwise restricted by law; and

(d) Develop, revise and monitor a statewide rail transportation plan as part of the statewide transportation planning process, including a study and evaluation of alternative methods for insuring adequate and economical transportation of agricultural commodities, supplies and other goods to and from rural areas of the state. ~~The commissioner shall plan may include in the study consideration of rail line improvement programs including those adopted or proposed in other states. Based on the study and evaluation, the commissioner shall recommend an appropriate state assistance program to the governor and the legislature no later than July 1, 1978. Upon completion of each stage of any rail improvement study conducted by a state department or agency, the information developed by the study shall be made available to the commissioner an analysis of rail lines in the state for the purpose of determining: (1) eligibility of rail lines for assistance under federal and state rail assistance programs; (2) eligibility of rail lines for inclusion in the state rail bank; and (3) the actions required by the state to insure the continuation of rail service which meets essential state needs and objectives.~~

Sec. 54. Minnesota Statutes 1978, Chapter 222, is amended by adding a section to read:

[222.65] **[ADVISORY TASK FORCE.]** *The commissioner of transportation may establish an advisory task force in the manner provided in section 15.059 to advise the department concerning the implementation of the rail service improvement program, the federal rail service continuation program, the rail service loan guarantee program and the state rail bank. The task force may include representatives of departments of agriculture, commerce, economic development, the energy agency, state planning agency, railroad companies, railroad labor organizations and rail users.*

Sec. 55. [TEMPORARY RULE MAKING POWER; SURVIVAL OF EXISTING RULES.] *The commissioner of transportation*

may adopt temporary rules necessary to implement the provisions of sections 39 to 52. This section, and any temporary rules adopted under this section, expire one year after the effective date of this section. Rules adopted before the effective date of this section to implement the rail service improvement program or the rail user loan guarantee program shall remain in effect until amended or repealed.

Sec. 56. [DIRECTION TO REVISOR.] *In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute the term "commissioner" for the term "director" whenever that term appears in sections 222.46 to 222.54.*

Sec. 57. [EFFECTIVE DATE.] *Sections 39 to 57 are effective the day following final enactment."*

Amend the title as follows:

Page 1, line 9, after the semicolon insert "modifying the rail service improvement program and the rail user loan guarantee program; establishing a rail bank and authorizing acquisition of certain rail lines; permitting state payment of interest adjustments on guaranteed loans to rail users;"

Page 1, line 10, after the semicolon insert "174.03, Subdivision 4;"

Page 1, line 12, after the last semicolon insert "222.48; 222.50, Subdivisions 3, 4 and 6, and by adding a subdivision; 222.51; 222.53; 222.55; 222.56, Subdivision 5; 222.57; 222.58, Subdivision 2, and by adding a subdivision;"

Page 1, line 16, delete "and Chapter" and insert "Chapters"

Page 1, line 16, after the second semicolon insert "and 222, by adding sections;"

The motion prevailed. So the amendment was adopted.

Mr. Humphrey moved to amend H. F. No. 1563, as amended pursuant to Rule 49, adopted by the Senate May 10, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1540.)

Page 1, line 26, after "figures" insert "'1979'";

Page 1, line 28, after "ending" insert "June 30, 1979,"

Page 2, line 3, before "1980" insert "1979"

Page 4, after line 31, insert: "For 1979—\$205,000"

Page 5, after line 21, insert:

"The appropriation for 1979 is for the purpose of providing transit operating subsidies to the Medicine Lake Lines. This appropriation is available to subsidize operations from February 1, 1979, to June 30, 1979; however for service rendered from April 9, 1979, to June 30, 1979, the subsidy shall be paid only for ser-

vice that meets the regular route service standards for private operators in the metropolitan area, as submitted by the commissioner of transportation to the legislature on April 5, 1979.”

Correct the Summary by Fund accordingly

The motion prevailed. So the amendment was adopted.

H. F. No. 1563 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 46 and nays 10, as follows:

Those who voted in the affirmative were:

Ashbach	Hanson	Luther	Purfeerst	Strand
Bang	Humphrey	Menning	Renneke	Ueland, A.
Benedict	Jensen	Moe	Rued	Ulland, J.
Bernhagen	Keefe, S.	Nelson	Schaaf	Vega
Brataas	Kirchner	Ogdahl	Schmitz	Wegener
Coleman	Kleinbaum	Olson	Setzepfandt	Willet
Dunn	Knoll	Penny	Sikorski	
Engler	Knutson	Perpich	Solon	
Frederick	Laufenburger	Peterson	Spear	
Gearty	Lessard	Pillsbury	Staples	

Those who voted in the negative were:

Chenoweth	Dieterich	Knaak	Nichols	Stumpf
Davies	Gunderson	Merriam	Sieloff	Tennessee

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Vega moved that S. F. No. 405, No. 33 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Schaaf moved that S. F. No. 1261, No. 34 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Coleman moved that H. F. No. 1467 be withdrawn from the Subcommittee on Bill Scheduling of the Committee on Rules and Administration and laid on the table. The motion prevailed.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused at 8:00 o'clock p.m., for a Conference Committee on H. F. No. 1526:

Messrs. Moe, Tennessee, Stumpf, Ogdahl and Renneke. The motion prevailed.

RECESS

Mr. Coleman moved that the Senate do now recess until 8:00 o'clock p.m. The motion prevailed.

The hour of 8:00 o'clock p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Bang	Hughes	Menning	Schaaf	Stumpf
Benedict	Johnson	Merriam	Schmitz	Tennessee
Bernhagen	Keefe, S.	Olson	Setzepfandt	Ulland, J.
Brataas	Kirchner	Penny	Sieloff	Vega
Coleman	Kleinbaum	Peterson	Sikorski	Wegener
Davies	Knaak	Pillsbury	Solon	
Dieterich	Laufenburger	Purfeerst	Staples	
Gearty	Luther	Renneke	Stokowski	
Gunderson	McCutcheon	Rued	Strand	

The Sergeant at Arms was instructed to bring in the absent members.

Pursuant to Rule 21, Mr. McCutcheon moved that the following members be excused at 9:00 o'clock p.m. for a Conference Committee on H. F. No. 1495:

Messrs. McCutcheon, Sillers, Stokowski, Hanson and Johnson. The motion prevailed.

SPECIAL ORDER

S. F. No. 1151: A bill for an act relating to retirement; providing determination of service credits; Minneapolis municipal employees retirement fund; increasing the employee contribution rate; amending Minnesota Statutes 1978, Sections 422A.08, Subdivision 2; and 422A.10, Subdivision 1; and Chapter 355, by adding a section.

Mr. Stokowski moved to amend S. F. No. 1151 as follows:

Page 3, after line 17, insert:

"Sec. 2. Minnesota Statutes 1978, Section 422A.03, Subdivision 1, is amended to read:

422A.03 [MEETINGS; EMPLOYEES; RULES AND REGULATIONS.] Subdivision 1. The retirement board shall meet on the third Tuesday of each calendar month of each year and may adjourn from time to time. Special meetings may be held upon the call of the president. The board shall, by a ~~four-fifths~~ *four-sevenths* vote of all members of the board, appoint an executive secretary, who shall have charge of the performance of the duties required by the provisions of sections 422A.01 to 422A.25, and shall appoint other necessary clerical help. If at the time of his appointment as executive secretary the appointee holds a position subject to the civil service rules and regulations of the city he shall be deemed to be on leave of absence from such civil service position during his tenure as executive secretary, and upon termination of such service shall be returned to his permanent civil service classification. If no vacancy is available in his permanent civil service classified position, seniority shall prevail, and the person most recently certified to such position shall be returned to the permanent civil service classification held by him prior to such certification.

Sec. 3. Minnesota Statutes 1978, Section 422A.03, Subdivision 2, is amended to read:

Subd. 2. The executive secretary may be removed by a ~~four-fifths~~ *four-sevenths* vote of all members of the board at a meeting called for such purpose. Before exercising the power of removal 15 days written notice shall be given to the executive secretary setting forth the cause for removal and stating the time and place where such charges will be heard. The hearing shall be open to the public. Other employees under the supervision of the board and employees appointed hereafter shall be subject to applicable civil service laws and rules of the city. The compensation of the executive secretary and the other employees under the supervision of the board shall be fixed by such board."

Page 6, delete section 5

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after "Sections" insert "422A.03, Subdivisions 1 and 2,"

The motion prevailed. So the amendment was adopted.

S. F. No. 1151: A bill for an act relating to retirement; providing determination of service credits; Minneapolis municipal employees retirement fund; increasing the employee contribution rate; amending Minnesota Statutes 1978, Sections 422A.03, Subdivisions 1 and 2; 422A.08, Subdivision 2; and 422A.10, Subdivision 1; and Chapter 355, by adding a section.

S. F. No. 1151 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 42 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Lessard	Purfeerst	Stokowski
Bang	Gunderson	Luther	Rued	Strand
Benedict	Hughes	Menning	Schaaf	Ueland, A.
Bernhagen	Kirchner	Merriam	Schmitz	Ulland, J.
Brataas	Kleinbaum	Nelson	Setzepfandt	Vega
Davies	Knaak	Nichols	Sieloff	Wegener
Dieterich	Knoll	Olson	Sikorski	
Engler	Knutson	Penny	Spear	
Frederick	Laufenburger	Peterson	Staples	

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

SPECIAL ORDER

S. F. No. 202: A bill for an act relating to health; providing for several types of life support transportation service; providing for health systems agencies to be involved in the licensing process; providing factors to be used in making licensing recommendations;

providing for standards for services; forbidding inquiry as to ability to pay before provision of life support transportation services; requiring rules for nonemergency transportation reimbursement under medical assistance; exempting certain providers; amending Minnesota Statutes 1978, Sections 144.801; 144.802; 144.803; 144.804; 144.805; 144.807, Subdivision 1; 144.808; 144.809 and 144.8091, Subdivision 1.

Mrs. Brataas moved to amend S. F. No. 202 as follows:

Pages 15 and 16, delete sections 12 and 13

Amend the title as follows:

Page 1, line 11, delete "exempting certain providers;"

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

S. F. No. 202 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 44 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Laufenburger	Peterson	Solon
Bang	Gearty	Lessard	Pillsbury	Spear
Benedict	Gunderson	Luther	Purfeerst	Staples
Bernhagen	Hughes	Menning	Rued	Strand
Brataas	Kirchner	Merriam	Schaaf	Ueland, A.
Coleman	Kleinbaum	Nelson	Schmitz	Ulland, J.
Davies	Knaak	Olson	Setzepfandt	Vega
Dieterich	Knoll	Penny	Sieloff	Wegener
Engler	Knutson	Perpich	Sikorski	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 1167: A bill for an act relating to taxation; lowering the excise tax on natural and artificial sparkling wines on a temporary basis.

CALL OF THE SENATE

Mr. Kleinbaum imposed a call of the Senate. The following Senators answered to their names:

Anderson	Frederick	Lessard	Peterson	Spear
Bang	Gearty	Luther	Pillsbury	Staples
Benedict	Gunderson	Menning	Rued	Strand
Bernhagen	Hughes	Merriam	Schaaf	Ueland, A.
Brataas	Kirchner	Nelson	Schmitz	Vega
Coleman	Kleinbaum	Nichols	Setzepfandt	Wegener
Davies	Knaak	Olson	Sieloff	
Dieterich	Knoll	Penny	Sikorski	
Engler	Laufenburger	Perpich	Solon	

The Sergeant at Arms was instructed to bring in the absent members.

H. F. No. 1167 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 37 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Johnson	McCutcheon	Purfeerst	Stokowski
Bang	Keefe, J.	Moe	Rued	Ueland, A.
Bernhagen	Keefe, S.	Nelson	Schaaf	Ulland, J.
Brataas	Kleinbaum	Nichols	Schmitz	Vega
Engler	Knaak	Ogdahl	Setzpfandt	Wegener
Frederick	Knutson	Olson	Sieloff	
Hanson	Laufenburger	Penny	Solon	
Jensen	Lessard	Pillsbury	Staples	

Those who voted in the negative were:

Benedict	Gearty	Luther	Peterson	Strand
Coleman	Gunderson	Menning	Renneke	Stumpf
Davies	Hughes	Merriam	Sikorski	Tennessee
Dieterich	Kirchner	Perpich	Spear	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 1548: A bill for an act relating to claims against the state; appropriating money for the payment thereof.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Luther	Pillsbury	Strand
Bang	Hughes	Menning	Renneke	Stumpf
Benedict	Jensen	Merriam	Rued	Tennessee
Bernhagen	Keefe, J.	Moe	Schaaf	Ueland, A.
Brataas	Kirchner	Nelson	Schmitz	Vega
Coleman	Kleinbaum	Nichols	Setzpfandt	Wegener
Davies	Knaak	Olson	Sieloff	
Engler	Knoll	Penny	Sikorski	
Frederick	Knutson	Perpich	Solon	
Gearty	Lessard	Peterson	Spear	

So the bill passed and its title was agreed to.

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

Without objection, the Senate reverted to the Order of Business of Messages From the House and Reports of Committees.

MESSAGES FROM THE HOUSE

Mr. President:

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

S. F. No. 917: A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increasing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance; establishing a reopened case fund; establishing a voluntary group self-insurance association; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, Subdivision 2, and by adding subdivisions; 79.095; 79.10; 79.21; 79.22, by adding a subdivision; 79.25; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.081, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivision 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179; 176.181, Subdivision 2, and by adding a subdivision; 176.191; 176.231, Subdivisions 1 and 2; 176.235, Subdivision 1; 176.241; 176.271; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding a section; repealing Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7.

Senate File No. 917 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 18, 1979

Mr. Keefe, S. moved that the Senate do not concur in the amendments by the House to S. F. No. 917 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

REPORTS OF COMMITTEES**APPOINTMENTS**

Mr. Coleman from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H. F. No. 257: Messrs. Hanson, McCutcheon, Humphrey, Stokowski, and Davies.

H. F. No. 686: Messrs. Hanson, Anderson, and Dunn.

S. F. No. 831: Mrs. Staples, Messrs. Luther, and Ogdahl.

H. F. No. 218: Messrs. Olhoft, Davies, and Jensen.

S. F. No. 186: Messrs. Chmielewski, Sikorski, and Keefe, J.

H. F. No. 738: Messrs. Tennessen, Davies, and Keefe, J.

H. F. No. 914: Messrs. Stokowski, Strand, and Ogdahl.

H. F. No. 317: Messrs. Wegener, Bernhagen, and Sikorski.

H. F. No. 1206: Messrs. Engler, Humphrey, and Olson.

Mr. Coleman moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Anderson moved that H. F. No. 1253 be taken from the table. The motion prevailed.

H. F. No. 1253: A bill for an act relating to open space and recreation; providing for the acquisition and betterment of open space lands, state trails, forests, fish and wildlife management, natural and scientific areas, and accesses to public waters; payments to counties in lieu of taxes on public hunting grounds and game refuges; establishing Tettegouche State Park; prescribing the powers and duties of the commissioner of natural resources in relation to Tettegouche State Park; authorizing the issuance of bonds; appropriating money; amending Minnesota Statutes 1978, Section 97.49, Subdivision 3; and Laws 1977, Chapter 421, Section 13, Subdivision 3.

SUSPENSION OF RULES

Mr. Anderson moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 1253 and that the rules of the Senate be so far suspended as to give H. F. No. 1253 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 1253 was read the second time.

CALL OF THE SENATE

Mr. Anderson imposed a call of the Senate for the balance of the proceedings on H. F. No. 1253. The following Senators answered to their names:

Anderson	Engler	Knoll	Penny	Sikorski
Ashbach	Gearty	Knutson	Peterson	Staples
Bang	Gunderson	Laufenburger	Pillsbury	Stokowski
Benedict	Hughes	Lessard	Rued	Strand
Bernhagen	Johnson	Luther	Schaaf	Ueland, A.
Brataas	Kirchner	Menning	Schmitz	Ulland, J.
Davies	Kleinbaum	Merriam	Setzepfandt	
Dieterich	Knaak	Nelson	Sieloff	

The Sergeant at Arms was instructed to bring in the absent members.

Mr. Johnson moved to amend H. F. No. 1253 as follows:

Pages 8 to 13, delete section 10

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, delete everything after the first semicolon

Page 1, delete lines 9 and 10

Page 1, line 11, delete everything before "authorizing"

The question was taken on the adoption of the amendment.

Mr. Anderson moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 24 and nays 38, as follows:

Those who voted in the affirmative were:

Ashbach	Johnson	Lessard	Olson	Solon
Bernhagen	Kleinbaum	McCutcheon	Peterson	Stokowski
Engler	Knaak	Menning	Rued	Vega
Frederick	Knutson	Moe	Schmitz	Willet
Hanson	Laufenburger	Nichols	Setzepfandt	

Those who voted in the negative were:

Anderson	Dunn	Knoll	Purfeerst	Strand
Bang	Gearty	Luther	Renneke	Stumpf
Benedict	Gunderson	Merriam	Schaaf	Tennessee
Brataas	Hughes	Nelson	Sieloff	Ueland, A.
Chenoweth	Humphrey	Ogdahl	Sikorski	Ulland, J.
Coleman	Keefe, J.	Olhoft	Sillers	Wegener
Davies	Keefe, S.	Penny	Spear	
Dieterich	Kirchner	Pillsbury	Staples	

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

Mr. Johnson then moved to amend H. F. No. 1253 as follows:

Page 13, after line 33, insert:

"Sec. 11. [CITIZEN'S ADVISORY TASK FORCE ON THE BOUNDARY WATERS CANOE AREA.] *Subdivision 1. There is created a citizen's advisory task force on the Boundary Waters Canoe Area, consisting of 17 members selected as follows:*

(1) *Three residents of St. Louis County appointed by the governor;*

(2) *Three residents of Cook County appointed by the governor;*

(3) *Three residents of Lake County appointed by the governor; and*

(4) *Eight residents of the state residing outside of the aforementioned counties appointed by the governor.*

The governor shall designate one of the appointees to serve as chairman and the advisory task force may elect such other officers as it deems necessary. The advisory task force shall be subject to the provisions of Minnesota Statutes, Section 15.059, except that the advisory task force shall not expire until June 30, 1983.

Subd. 2. The advisory task force shall conduct meetings and research into all matters related to the establishment and operation of the Boundary Waters Canoe Area, and shall make such recommendations to the United States Forest Service and other federal and state agencies concerned, regarding operation of the area, as the advisory task force deems advisable. A copy of each recommendation shall be filed with the legislative reference library. The advisory task force shall not apply for or accept funds from public or private sources other than the legislature. Subject to the availability of legislative appropriation, the advisory task force may contract for services relating to matters within its authority.

Subd. 3. The sum of \$60,000 is appropriated from the general fund to the commissioner of administration for the purposes of this act to be available until June 30, 1981.

Subd. 4. This section is effective July 1, 1979, and expires June 30, 1983."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 11, after the semicolon, insert "establishing a citizen's advisory task force on the Boundary Waters Canoe Area;"

The motion prevailed. So the amendment was adopted.

Mr. Bernhagen moved to amend H. F. No. 1253 as follows:

Page 2, line 28, delete "for development of" and insert "shall be made on"

Page 2, line 29, delete everything after "the" and insert "eastern corporate limits of the city of Winsted except for maintenance and replacement of drainage tile, culverts and fences, noxious weed control and similar expenses. No further expenditure of money for development of the Luce Line trail"

The motion prevailed. So the amendment was adopted.

H. F. No. 1253 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 59 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Bernhagen	Coleman	Dunn	Gearty
Ashbach	Brataas	Davies	Engler	Gunderson
Benedict	Chenoweth	Dieterich	Frederick	Hanson

Hughes	Laufenburger	Olhoft	Schmitz	Strand
Humphrey	Luther	Olson	Setzepfandt	Stumpf
Johnson	McCutcheon	Penny	Sieloff	Tennessee
Keefe, J.	Menning	Perpich	Sikorski	Ueland, A.
Keefe, S.	Merriam	Peterson	Sillers	Ulland, J.
Kirchner	Moe	Pillsbury	Solon	Vega
Knaak	Nelson	Purfeerst	Spear	Wegener
Knoll	Nichols	Renneke	Staples	Willet
Knutson	Ogdahl	Schaaf	Stokowski	

Messrs. Lessard and Rued voted in the negative.

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Anderson moved that S. F. No. 1032, No. 29 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Coleman moved that H. F. No. 1467 be taken from the table. The motion prevailed.

H. F. No. 1467: A bill for an act relating to state employees; providing for wage and fringe benefits for certain state employees; ratifying collective bargaining agreements; amending Minnesota Statutes 1978, Sections 43.01, Subdivision 14; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 16, 17, 23, 24, 25, and by adding subdivisions; 43.122, Subdivision 5; 43.17, Subdivision 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.50, Subdivision 1; 43.51; and 645.44, Subdivision 5.

SUSPENSION OF RULES

Mr. Coleman moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 1467 and that the rules of the Senate be so far suspended as to give H. F. No. 1467 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 1467 was read the second time.

Mr. Coleman moved to amend H. F. No. 1467 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [TEMPORARY PROVISION: WAGE AND ECONOMIC FRINGE BENEFITS; AGREEMENTS APPROVED.]
Subdivision 1. [PREAMBLE.] The legislature finds that the quality of public employees in Minnesota is high and that public employees provide a significant public service to the people of Minnesota. The legislature further finds that there is a need to study, clarify and change the laws relating to civil service and public employee labor relations in order to preserve equity in public employment wages, promote employee morale, expedite labor negotiations, and promote efficient management in the state civil service.

Subd. 2. Within the funds appropriated for the purpose by the 71st legislature, the commissioner of personnel is authorized to implement those provisions of the agreements negotiated with the Minnesota state employees union, American federation of state, county and municipal employees, Council No. 6, AFL-CIO, the Minnesota teamsters public and law enforcement employees union, local No. 320, the international union of operating engineers, locals No. 34 and 49, the independent Minnesota association of government employees, the Minnesota highway patrol officers' association, the bureau of criminal apprehension association of forensic scientists, the bureau of criminal apprehension agents association, the Minnesota state university association of administrative and service faculty/Teamsters, the professional employee pharmacists of Minnesota, the middle management association, the Minnesota community college faculty association, the Minnesota conservation officers association, the Minnesota highway patrol supervisors association, the Minnesota nurses association, the Minnesota government engineers council, the association of institutional dentists, the state residential schools education association, the Minnesota administrative hearing officers association, the inter-faculty organization/Minnesota education association, and the Minnesota state fire/arson investigators and fire inspectors, local No. S-13, I.A.F.F., which establish wages and economic fringe benefits.

Sec. 2. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.985] [LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS.] *Subdivision 1. [ESTABLISHMENT.] There is created the legislative commission on employee relations. The commission shall consist of five members of the senate and five members of the house of representatives. The senate members shall include the majority leader, the minority leader, the chairman of the governmental operations committee, the chairman of the finance committee, and the chairman of the tax committee, or their designees. The house members shall include the speaker, the minority leader, the chairman of the governmental operations committee, the chairman of the appropriations committee, and the chairman of the tax committee, or their designees. In the event that the membership of the house is evenly divided, the house members shall be selected pursuant to the rules of the house. The commission shall elect its own officers who shall serve for terms of two years. The chairmanship of the commission shall alternate between a member of the senate and a member of the house.*

Subd. 2. [STATE EMPLOYEE NEGOTIATIONS.] Prior to the commencement of collective bargaining activities with state employees, the commission shall conduct hearings at which public employees, representatives of public employees and the commissioner of personnel shall be allowed to testify as to their beginning negotiating positions. The commissioner of personnel shall regularly advise the commission on the progress of collective bargaining activities with state employees pursuant to the

state public employment labor relations act. The commission may make recommendations to the commissioner as it deems appropriate. The commissioner shall submit to the chairman of the commission any negotiated agreements or arbitration awards which the commissioner has approved within five days of the making thereof. If the commission disapproves of any agreement or award, the commission shall specify in writing to the parties those portions with which it disagrees and the reasons therefor. Upon receipt of the notice of disapproval from the commission, the commissioner of personnel will reopen the negotiations. If the commission approves of an agreement or award, it shall cause the matter to be submitted to the legislature to be accepted or rejected pursuant to section 179.74. Failure of the commission to disapprove of affected portions of an agreement or award within 30 days of its receipt shall be deemed approval. Approval or disapproval by the commission shall not be binding on the entire legislature.

Subd. 3. [OTHER DUTIES.] In addition to the duties specified in subdivision 2, the commission shall perform the following:

(a) Continually monitor the state's civil service system, Chapter 43, and collective bargaining process, Sections 179.61 to 179.76, as applied to state employees;

(b) Research and analyze the need for improvements in those statutory sections; and

(c) Perform such other related functions as are delegated to it by the legislature.

Sec. 3. [DEFINITIONS.] Subdivision 1. As used in sections 3 to 7, the terms defined in this section have the meanings given them.

Subd. 2. "State agency" means every department and agency in the executive branch of state government having more than 40 state funded positions, but not including the constitutional officers nor the University of Minnesota. For the purposes of sections 3 to 7 only, it also means the Minnesota historical society.

Subd. 3. "State-funded positions" means all full-time equivalent personnel positions however authorized, except those funded entirely by federal money and those which provide direct care to residents at state hospitals.

Subd. 4. "Normal attrition" means vacancies occurring due to voluntary resignations, retirements, and deaths. It does not include vacancies due to involuntary dismissals and terminations.

Sec. 4. The commissioner of finance shall submit to the chairmen of the senate finance and house appropriations committees, and the legislative commission on employee relations by October 1, 1980, a plan for reducing the number of state funded positions pursuant to sections 3 to 7 during the 1981-1983 biennium. The plan shall include (1) a description of the number and types of reductions in positions, (2) an analysis of how the reductions co-

ordinate with departmental long range program plans, and (3) an analysis of the ratio of supervisory to non-supervisory employees in the agency.

The commissioner of finance shall, in consultation with the commissioner of personnel, prescribe procedures by which each state agency shall submit to the commissioner of finance the information necessary for him to comply with sections 3 to 7. The position reduction program shall be integrated to the extent possible with the program budgeting system and the evaluation of program functions conducted as part of the budgeting process.

Sec. 5. [POSITION REDUCTIONS.] Subdivision 1. [VACANT POSITIONS.] *The commissioner of finance shall cancel every state funded position that has remained vacant for more than 90 days, unless (a) the commissioner of personnel has certified that the position has not been filled because the department of personnel was unable to certify any names pursuant to section 43.18, or (b) an exception has been requested pursuant to subdivision 4. If the exception is denied, the position shall be cancelled.*

Subd. 2. [NORMAL ATTRITION.] *The total number of state funded positions authorized on July 1, 1981, shall be reduced by at least four percent. Reductions shall be accomplished solely by cancellation pursuant to subdivision 1 and normal attrition. Subject to the needs of the state agency, the reductions shall be distributed among salary schedules in approximate proportion to the number of employees in each schedule. Positions providing custodial control of inmates of state correctional institutions, maintenance of state highways, teaching at state universities and community colleges paid for by increased tuition from increased enrollment, or enforcement of state laws on state highways or public lands and waters shall not be eliminated unless the agency shows that it has no other feasible and prudent alternative. To the maximum extent feasible, one-half of the reduction shall be accomplished by June 20, 1982, and the remainder by June 30, 1983.*

Subd. 3. [TRANSFERS.] *A state agency may transfer positions to another agency pursuant to Minnesota Statutes, Section 16.125, but the number of positions on July 1, 1981 for each agency affected shall be adjusted to reflect the transfer. A position that is eliminated by transferring an employee to part-time, seasonal, or other status of employment by the same state agency does not count as a position reduction for purposes of meeting the goals set by this section.*

Subd. 4. [EXCEPTIONS; SHIFTS.] *Where the position cancellations and reductions required by this section would unduly impair the ability of a state agency to perform the duties assigned to it, the state agency may apply to the commissioner of finance for an exception permitting the agency to avoid the cancellation or make a lesser reduction than would otherwise be required.*

Sec. 6. [SPENDING PLANS.] Subdivision 1. [TRANSFERS.] *A state agency shall not transfer any money to or from personal*

services as shown on the official worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance, without the written approval of the commissioner of finance.

Subd. 2. [SALARY SAVINGS.] The commissioner of finance shall reduce the amount allotted or to be allotted to each state agency by the amount of any saving that can be effected upon previous spending plans through the position reductions required by section 5.

Sec. 7. [REPORTING AND REVIEW.] Subdivision 1. The commissioner of personnel shall report monthly to the commissioner of finance the number of vacancies occurring in each state agency due to normal attrition.

Subd. 2. The commissioner of finance shall report monthly to the chairmen of the senate finance and house appropriations committees and to the legislative commission on employee relations the number of vacancies occurring in each state agency due to normal attrition, the number of state funded positions that have been eliminated as required by section 5, and a summary of personnel employed by each state agency showing by fund the number of full-time and full-time equivalent state funded and federal positions and the number of persons actually employed by the agency.

Subd. 3. The legislative commission on employee relations shall periodically review the progress of the state agencies in meeting the requirements of section 5.

Sec. 8. Minnesota Statutes 1978, Section 15.0411, Subdivision 2, is amended to read:

Subd. 2. "Agency" means any state officer, board, commission, bureau, division, department, or tribunal, other than a court, having a statewide jurisdiction and authorized by law to make rules or to adjudicate contested cases. "Agency" also means the capitol area architectural and planning board. Sections 15.0411 to 15.052 do not apply to (a) agencies directly in the legislative or judicial branches, (b) emergency powers in sections 12.31 to 12.37, (c) corrections board and pardon board, (d) the unemployment insurance program in the department of economic security, (e) the director of mediation services, (f) the workers' compensation division in the department of labor and industry, (g) the workers' compensation court of appeals, (h) board of pardons, or (i) the department of military affairs. Sections 15.0418 to 15.0426 do not apply to the Minnesota municipal board or the public employment relations board.

Sec. 9. Minnesota Statutes 1978, Section 15A.081, Subdivision 1, is amended to read:

15A.081 [SALARIES AND SALARY RANGES FOR CERTAIN EMPLOYEES.] Subdivision 1. The following salaries or salary ranges are provided for the below listed employees in the executive branch of government:

	Base Salary or Range
Administration, department of commissioner	\$41,000
Agriculture, department of commissioner	36,000
Attorney general, office of deputy attorney general	23,000-42,000
Commerce, department of commissioner of banks	32,000
commissioner of insurance	32,000
commissioner of securities	32,000
executive secretary, commerce commission	27,000
Community college system chancellor	41,000
Corrections, department of commissioner	36,000
ombudsman	32,000
Crime prevention and control, governor's commission on executive director	32,000
Economic development, department of commissioner	32,000
Economic security, department of commissioner	41,000
Education, department of commissioner	41,000
Energy agency director	36,000
Finance, department of commissioner	45,000
Health, department of commissioner	41,000
Hearing examiners office chief hearing examiner	36,000
Higher education coordinating board executive director	36,000
Housing finance agency executive director	36,000
Human rights, department of commissioner	29,000
Indian affairs board executive director	25,000

	Base Salary or Range
Investment, board of executive secretary	41,000
Iron range resources and rehabilitation board commissioner	29,000
Labor and industry, department of commissioner	36,000
judge of the workers' compensation court of appeals	36,000
director, mediation services	29,000
Natural resources, department of commissioner	41,000
Personnel, department of commissioner	41,000
Planning agency director	41,000
Pollution control agency director	36,000
<i>Public employment relations board chairman member</i>	
Public safety, department of commissioner	36,000
Public service, department of commissioner, public service commission director	32,000 32,000
Public welfare, department of commissioner	41,000
Revenue, department of commissioner	41,000
State university system chancellor	41,000
Transportation, department of commissioner	41,000
Veterans affairs, department of commissioner	29,000

Sec. 10. Minnesota Statutes 1978, Section 15A.13, is amended to read:

15A.13 [OTHER TERMS AND CONDITIONS OF EMPLOYMENT.] The annual salaries prescribed by chapter 15A for positions in the unclassified service of the executive branch of the state government are in addition to other terms and conditions of their employment as now or hereafter prescribed by law or the commissioner of personnel pursuant to section 43.127, subdivision 6.

Sec. 11. Minnesota Statutes 1978, Section 16A.123, is amended to read:

16A.123 [APPROVED COMPLEMENT.] The approved complement set for an agency by law limits the number of persons who ~~may be employed by personnel positions~~ in the agency at any one time. The approved complement does not apply to independent contractors. In addition to the approved complement, part-time employees, seasonal or intermittent employees *as defined by the commissioner of personnel*, summer student help, service workers, pre-service trainees employed pursuant to affirmative action programs approved by the commissioner of personnel, CETA employees, or employees engaged in repair or construction projects may be employed with the advance approval of the commissioner of finance who shall determine the need for them and that money is available. The approved complement applies to ~~persons employed by positions~~ in the agency regardless of the fund or appropriation from which they are paid.

Additional full-time ~~employees positions~~ over the number of the approved complement may be ~~employed~~ *created* on the basis of public necessity or emergency. If the ~~employee position~~ is to be paid from a ~~direct an~~ appropriation of money *other than federal money*, the addition shall not be made without the written approval of the governor. The governor shall not approve the addition until after he has consulted with the legislative advisory commission and the commission has made its recommendation on the matter. The recommendation is advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation. If the ~~employee position~~ is ~~not~~ to be paid from a ~~direct an~~ appropriation of *federal money*, the addition may be made with the written approval of the commissioner of finance who shall determine the need for it and that money is available. The commissioner of finance shall promptly notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the additions.

Sec. 12. Minnesota Statutes 1978, Section 43.01, Subdivision 10, is amended to read:

Subd. 10. [POSITION.] "Position" means ~~an office, position, or employment~~ *a group of current duties and responsibilities assigned or delegated by competent authority, requiring the full time or part time employment of one person*.

Sec. 13. Minnesota Statutes 1978, Section 43.01, Subdivision 11, is amended to read:

Subd. 11. [APPOINTING AUTHORITY.] "Appointing authority" means ~~the appointing officer or authority of any state office or department~~ *a person or group of persons empowered by the constitution, by statute, or executive order to employ or to make appointments to positions in the state civil service*.

Sec. 14. Minnesota Statutes 1978, Section 43.01, Subdivision 14, is amended to read:

Subd. 14. [RECLASSIFICATION.] ~~“Reallocation”~~ *“Reclassification”* means a ~~reassignment~~ *reallocation*, or change in allocation, of an individual position by raising it to a higher class, reducing it to a lower class, or moving it to another class at the same level, ~~on the basis~~. *A reclassification shall be considered a “reallocation” when the reclassification is the result of significant changes over a period of time in the kind, difficulty, or responsibility of the work performed in such position. A reclassification shall be considered a “change in allocation” when the reclassification is the result of changes in the organizational structure of an agency or abrupt changes in the duties and responsibilities of the position.*

Sec. 15. Minnesota Statutes 1978, Section 43.01, is amended by adding a subdivision to read:

Subd. 23. [PERMANENT.] *“Permanent” means the employment status of an employee in the classified civil service who has been appointed to a position after successfully completing an initial probationary period as set forth in section 43.21.*

Sec. 16. Minnesota Statutes 1978, Section 43.05, Subdivision 2, is amended to read:

Subd. 2. [SPECIFIED DUTIES.] The commissioner shall:

(1) Attend all meetings of the board;

(2) ~~Prepare~~ *Promulgate* personnel rules for the purpose of carrying out the provisions of this chapter; these rules shall provide, among other things, for current records of efficiency, and standards of performance, for all ~~officers and~~ employees subject to the provisions of this chapter; the manner of completing appointments and promotions; rejection of eligible candidates; examinations; retention of examination records under the provisions of section 138.163; creation of eligible lists, with successful candidates ranked according to their ratings in the examinations; leaves of absence with and without pay; transfers, reinstatements, layoffs, vacations, and hours of work; public notice of examinations; procedure for changes in rates of pay; compulsory retirement at fixed ages; and other conditions of employment. If a rule is made concerning sick leave for illness in the immediate family of an employee, the term “immediate family” shall be limited to the spouse, minor or dependent children, or parents where the parent has no other person to provide the necessary nursing care, living in the household of the employee;

(3) ~~Appoint temporary and permanent employees and officers as are necessary to carry out the provisions of this chapter; these employees and officers shall be chosen in accordance with and shall be subject to, the provisions of this chapter;~~

(4) ~~Keep in the office of the department of personnel an official roster of the state civil service Operate an information system from which data can be retrieved concerning employees in agencies under his jurisdiction showing the their employment history of each and every person who has been appointed to, employed, promoted, reduced, or reinstated in any position in the service; which roster~~

shall show, in connection with each name, *histories including the date of appointment, employment, promotion, reduction demotion, reinstatement, increases or decreases in pay, the compensation and title of the position, changes in title, transfers, sick or annual leaves, and separations from the service; and the commissioner shall have access to all public records and papers private personnel data kept by an appointing authority, the examination of which will aid in the discharge of his duty in connection with the roster duties;*

~~(5)~~ (4) Prepare, in accordance with the provisions of this chapter and the rules adopted hereunder, examinations, eligible lists, and ratings of candidates for appointment;

~~(6)~~ (5) Make certifications for appointment within the classified service, in accordance with the provisions of this chapter;

~~(7)~~ (6) Make investigations concerning all matters touching the enforcement and effect of the provisions of this chapter and the personnel rules prescribed hereunder;

~~(8)~~ (7) Discharge such duties as are imposed upon him by this chapter;

~~(9)~~ (8) Establish, publish and continually review logical career paths in the classified civil service;

~~(10)~~ (9) Consider all requests for other than state appropriated funds from any state department or agency for personnel purposes all of which shall be submitted to him for comment before any such request is made of a federal, local, or private agency; and

~~(11)~~ (10) Prepare rules regulating the temporary placement designation of positions in the unclassified civil service;

~~(12)~~ (11) Review, establish or change titles for the positions in the unclassified civil service in the executive branch of state government except those established by law or by the constitution, to make titles descriptive of positions and consistent throughout the state service; and

~~(13)~~ (12) In conformance with the rule making provisions of chapter 15, promulgate a code of ethics establishing standards of conduct to be observed by state employees in the performance of their official duties.

Sec. 17. Minnesota Statutes 1978, Section 43.055, is amended to read:

43.055 [EXTENT OF AUTHORITY.] Whenever any power or authority is given to the commissioner of personnel by any provision of chapters 15A or chapter 43, such power or authority shall extend to all departments agencies in the executive branch, but shall not extend to any subdivisions or employees in the judicial branch or legislative branch. The classified employees in the office of the legislative auditor, the Minnesota state retirement system, and teachers retirement association, however, shall be subject to the powers or authority of the commissioner of personnel.

Sec. 18. Minnesota Statutes 1978, Section 43.064, is amended to read:

43.064 [OTHER SALARIES SET BY COMMISSIONER OF PERSONNEL.] Notwithstanding any other law to the contrary, salaries compensation for all unclassified positions in the executive branch not enumerated in the listing described in section 15A.081, shall be established by the commissioner of personnel except for the following: (1) positions listed in section 15A.083; ~~(2)~~ positions listed in section 299D.03; ~~(3)~~ (2) employees in the office of the governor whose salaries shall be determined by the governor; ~~(4)~~ (3) employees in the office of the attorney general; ~~(5)~~ (4) positions in the state university system, the community college system, and in the higher education coordinating board whose primary duties consist of instructing and counseling students, directing academic programs of schools, divisions or departments of colleges and community colleges, or conducting research on academic subjects, or conducting academic support programs; and the positions of state university and community college presidents. Individual salaries for positions enumerated in clauses (3) and (4) and ~~(5)~~ for classified hearing examiners in the office of hearing examiners shall be determined by the attorney general, the state university board, the state board for community colleges, and the higher education coordinating board, and the chief hearing examiner, respectively, within the limits of salary plans which shall have been approved by the commissioner of personnel before becoming effective.

No provision of any subsequent law relating to salaries of state employees shall be construed as inconsistent with this section unless it is expressly provided in such subsequent act that the provisions of this section shall not be applicable or shall be superseded, amended, or repealed.

Sec. 19. Minnesota Statutes 1978, Section 43.067, Subdivision 3, is amended to read:

Subd. 3. [MEDICAL DOCTORS EXEMPTED.] Salaries of medical doctors who are occupying positions which the commissioner of personnel determines require an M.D. degree and who are paid under the provisions of section 43.126, or who are employed by political subdivisions in positions that the governing body of the political subdivision has determined require an M.D. degree, and dentists who are employed by the department of corrections and welfare shall be excluded from the limitation provided in this section.

Sec. 20. Minnesota Statutes 1978, Section 43.09, Subdivision 2, is amended to read:

Subd. 2. [UNCLASSIFIED SERVICE.] The unclassified civil service comprises positions held by state officers or employees who are:

(1) Chosen by election or appointed to fill an elective office;

(2) Heads of department required by law to be appointed by the governor or other elective officers, and the executive or administra-

tive heads of departments, divisions and institutions specifically established by law, except that with respect to state institutions, the provisions of section 246.02 are hereby continued in effect; provided, this clause shall not apply to heads of divisions now existing in the department of labor and industry ; ~~nor to the director of the division of vocational rehabilitation in the department of education ;~~

(3) Except as herein otherwise enlarged, one private secretary to each of the elective officers of this state, and in addition thereto, one deputy, clerk, or employee to the secretary of state, state auditor, and state treasurer;

(4) Intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;

(5) Employees in the offices of the governor and of the lieutenant governor, and one confidential employee for the governor in the office of the adjutant general;

(6) Officers and employees of the senate and house of representatives of the legislature including temporary or permanent employees of legislative committees or commissions. Employees of the legislative audit commission, except for the legislative auditor, his deputy, and his confidential secretary, however, shall be employees in the classified civil service of the state;

(7) Teachers, research assistants, student employees on less than half-time pay basis or eligible under terms of the federal economic opportunity act work study program, presidents, deans, and administrative officers in the state universities *and community colleges*; but this clause shall not be construed to include the custodial, clerical, or maintenance employees, or any administrative officers, or clerical workers performing duties in connection with the business administration of these institutions;

(8) Officers and enlisted persons in the national guard;

(9) Attorneys, legal assistants, examiners, and three confidential employees appointed by the attorney general or employed with his authorization;

(10) All courts and all employees thereof, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the department of labor and industry;

(11) ~~Patient and inmate help in state institutions;~~

(12) Members of the state highway patrol; provided that selection and appointment of highway patrol officers *troopers* shall be made in accordance with applicable laws governing the classified state civil service;

(13) ~~The deputy commissioner of agriculture, and the deputy director and assistant director of the Minnesota pollution control agency;~~

(14) One employee of the state treasurer, for the purpose of receiving and safekeeping assets deposited and maintained with

the state treasurer, pursuant to Laws 1943, Chapter 591, and whose salary or compensation is to be reimbursed to the state under said act;

~~(15)~~ (12) Seasonal help employed by the department of revenue;

~~(16)~~ (13) Employees of the department of administration permanently assigned to the ceremonial house ;

(14) Examination monitors and intermittent training instructors employed by the department of personnel;

(15) Student workers;

(16) Unclassified pursuant to other statutory authority.

Sec. 21. Minnesota Statutes 1978, Section 43.09, Subdivision 2a, is amended to read:

Subd. 2a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Notwithstanding any other law to the contrary, the personnel board, upon the request of the governor, is hereby authorized to establish permanent unclassified positions, or to unclassify previously classified positions, provided that:

(1) Positions so established involve only deputy or assistant heads of departments or agencies, or director level positions which are not specifically established by law, and who are appointed by and report directly to a head of a department or agency who is required by law to be appointed by the governor, or by a gubernatorially appointed board; as well as one position for a personal secretary of any head of a department or agency listed in clause (4).

(2) Classified incumbents of such positions, if any, are not removed from that position for a period of one year except under applicable provisions of rules and laws governing classified state employees. An incumbent of a position that is declassified pursuant to this subdivision, if he so requests within 120 days after being removed from that position, shall be appointed to a classified position comparable to the position that was declassified, or if such a position is unavailable, to a position comparable to that which he held immediately prior to being appointed to the position that was declassified. If a position is declassified and the incumbent at the time the position was declassified had no classified status immediately prior to the appointment to the position that was declassified, he shall, if he so requests within 120 days after being removed from that position, be appointed to a comparable or lower classified position within two salary ranges of the position that was declassified.

(3) If an employee in the classified civil service accepts a newly created unclassified position, he shall retain an inactive classified civil service status and, upon his request, shall be reappointed to a classified position comparable to that which he held immediately prior to being appointed to the *unclassified* position that was declassified .

(4) Positions so established are limited in number to six in the departments of administration, corrections, economic security, finance, transportation, natural resources, public safety, public welfare, and revenue; to five in the departments of commerce, education, health, labor and industry, and personnel *and the housing finance agency* ; to four in the departments of agriculture, and economic development; to three in the department of public service, the planning agency, and the pollution control agency; and to two in the departments of human rights , *the crime control planning board* and veterans affairs. Departments or agencies not enumerated in this clause shall not be authorized to establish additional unclassified positions under the provisions of this subdivision.

(5) Funds are available.

Sec. 22. Minnesota Statutes 1978, Section 43.12, Subdivision 2, is amended to read:

Subd. 2. [SALARY RANGES.] The following procedure will be used in establishing rates of pay for all state employees in the classified civil service whose positions are assigned to classes in the professional salary schedule, which schedule shall be known as salary schedule "A". Classes shall be assigned salary ranges within an area of compensation beginning at a prescribed minimum monthly rate of pay and extending upward by a maximum of 33 additional salary increments. Salary range assignments for each class of employment in this schedule shall include no more than ten salary steps. Effective July 6, 1977 4, 1979, the prescribed minimum monthly rate of pay shall be ~~\$932~~ \$981. The maximum monthly rate of pay shall be ~~\$3,394~~ \$3,598.

Sec. 23. Minnesota Statutes 1978, Section 43.12, Subdivision 3, is amended to read:

Subd. 3. All employees whose rates of pay are established according to salary schedule "A", effective July 6, 1977 4, 1979, shall be advanced in salary from their rate of pay and step in salary range immediately preceding that date to the comparable step in the new salary range for their class or to the new minimum rate of pay for their class, whichever rate is greater.

Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 6, 1977, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range in the event the maximum rate established for a classification as of July 6, 1977, is equal to or less than the employee's salary on July 5, 1977, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 5, 1977.

Sec. 24. Minnesota Statutes 1978, Section 43.12, Subdivision 5, is amended to read:

Subd. 5. The following procedure shall be used to establish rates of pay for all state employees in the classified civil service whose positions are assigned to classes in the maintenance and related

trades schedule, which schedule shall be known as salary schedule "B". Classes shall be assigned an orientation and base rate, one consecutive wage step apart. The orientation rate shall be paid during the first six calendar months of service and the base rate shall be paid commencing at the beginning of the pay period nearest the completion of six calendar months of service. In assigning rates of pay to classes of work covered by this schedule, the commissioner shall give primary consideration to the median of rates paid by other public and private employers for similar types of work. Supplementary pay practices shall be evaluated and costs considered in comparing the rates being paid by other employers. The commissioner is authorized to establish a percentage differential based upon full annual employment and tenure where such advantages are not common in employment outside of the state service.

Effective July 6, 1977 4, 1979, the minimum hourly rate of pay in the salary schedule "B" shall be \$4.71 \$5.38. The schedule shall provide for 19 additional wage steps with a maximum rate of \$9.21 \$9.51 per hour. Effective July 2, 1980, the hourly rates of pay in salary schedule B shall each be increased by 2-1/2 percent, rounded to the nearest cent.

Notwithstanding any provision of this chapter to the contrary, the commissioner is authorized to establish (a) hourly equipment rates to provide appropriate compensation to employees intermittently engaged in operating maintenance equipment, (b) an hourly rate to provide appropriate compensation to employees intermittently assigned to first level highway foreman work, (c) an eight percent a 60 cent per hour differential rate rounded to the nearest cent for journeyman skilled trade classes assigned to salary schedule B and employed at adult institutions of the department of corrections, and (d) a ten cent per hour differential for skilled trade classes assigned to salary schedule B and employed by the department of administration. The commissioner shall establish regulations rules and procedures to equitably implement such rates.

Sec. 25. Minnesota Statutes 1978, Section 43.12, Subdivision 6, is amended to read:

Subd. 6. All employees with more than six calendar months of service whose rates of pay are established according to salary schedule "B", effective July 6, 1977 4, 1979, shall be advanced in salary to the established base rate for their class.

Employees with less than six calendar months of service whose rates of pay are established according to salary schedule "B", effective July 6, 1977 4, 1979, shall be advanced in salary to the established orientation rate for their class.

Employees who are classified as highway maintenance worker, senior and who are employed by the department of transportation and assigned to the central office and districts 5 and 9 shall, in addition, be granted a one time lump sum payment of \$400.

Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 6, 1977, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range, in the event the maximum rate for a classification as of July 6, 1977, is equal to or less than an employee's salary on July 5, 1977, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 5, 1977.

Sec. 26. Minnesota Statutes 1978, Section 43.12, Subdivision 7, is amended to read:

Subd. 7. The following procedure shall be used to establish rates of pay for all state employees in the classified civil service whose positions are assigned to classes in the general service salary schedule, which schedule shall be known as salary schedule "C". Classes shall be assigned salary ranges within an area of compensation beginning at a prescribed ~~monthly~~ hourly rate of pay and extending upward ~~34~~ 37 additional fixed salary increments. Salary range assignments for each class of employment in this schedule shall not include more than eight salary steps. Effective July 6, 1977 4, 1979, the prescribed minimum ~~monthly~~ hourly rate of pay shall be \$4.56 \$3.09. The maximum ~~monthly~~ hourly rate of pay shall be \$1,409 \$9.13.

Sec. 27. Minnesota Statutes 1978, Section 43.12, Subdivision 8, is amended to read:

Subd. 8. All employees whose rates of pay are established according to salary schedule "C", effective July 6, 1977 4, 1979, shall be advanced in salary from their rate of pay and step in salary range immediately preceding that date, to the next step within the salary range for that classification. An employee whose classification is reassigned to a higher salary range shall, in addition, be adjusted to the comparable step in the new salary range for his *their* class or to the new minimum rate of pay for their class, whichever rate is greater. These step increases shall not affect an employee's eligibility for normal step progression increases provided by section 43.122, subdivision 3.

Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 6, 1977, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range. In the event the maximum rate for a classification as of July 6, 1977, is equal to or less than an employee's salary on July 5, 1977, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 5, 1977.

Sec. 28. Minnesota Statutes 1978, Section 43.12, Subdivision 8a, is amended to read:

Subd. 8a. The following procedure shall be used to establish rates of pay for all state employees whose positions are assigned to the labor service. The labor service shall consist of four steps. Effective July 6, 1977 4, 1979, the hourly rate of pay for step A

shall be \$4.47 \$5.14, for step B \$4.62 \$5.29, for step C \$5.22 \$5.90, for step D \$5.37 \$6.09.

Tenured laborers who are on the payroll on July 6, 1977, shall be paid at the step D rate.

Non-tenured laborers who are on the payroll on July 6, 1977, and who were paid at the base rate on July 5, 1977, shall be paid at the step D rate. Such employees shall continue to be paid at the step D rate in subsequent years provided that their service in the previous calendar year was 800 hours or more.

Non-tenured laborers who are on the payroll on July 6, 1977, and who were paid at the orientation rate on July 5, 1977, shall be paid at the step C rate. Such employees shall advance to step D after completion of 800 hours of work in the second of two consecutive calendar years in which at least 800 hours at step C are worked; provided, however, that an employee whose service in calendar year 1976 was 800 hours or more shall advance to step D upon the completion of 800 hours in calendar year 1977.

For the purpose of this subdivision, service requirements must be fulfilled with the same appointing authority, at the same principal place of employment and performing similar work. Advancement to the next higher step shall be effective at the beginning of the first payroll period following completion of the service requirements.

Non tenured laborers who are not on the payroll on July 6, 1977 but who have worked 800 hours or more in the 12 months immediately preceding July 6, 1977, and who return to work in the labor service prior to July 1, 1978 with the same appointing authority, at the same principal place of employment and to perform similar work, shall be paid at the rate which they would have received and advanced in pay in the same manner as if they had been on the payroll on July 6, 1977.

Tenured laborers whose employment relationship is severed and non tenured laborers who in any calendar year fail to meet the service and hour requirements of this subdivision shall be subject to the hiring and advancement provisions of section 43.122, subdivision 5 if they are subsequently reappointed to the labor service.

Sec. 29. Minnesota Statutes 1978, Section 43.12, is amended by adding a subdivision to read:

Subd. 9a. Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 4, 1979, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range. In the event the maximum rate for a classification as of July 4, 1979, is equal to or less than an employee's salary on July 3, 1979, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 3, 1979. Conversion to a new compensation grid shall not change an employee's eligibility for step progression increases.

Sec 30. Minnesota Statutes 1978, Section 43.12, Subdivision 10, is amended to read:

Subd. 10. For each full four-tenths point increase in the ~~consumers~~ *revised consumer price index* for urban wage earners and clerical workers for Minneapolis-St. Paul, as published by the Bureau of Labor Statistics for the months of ~~January, 1977~~ *October, 1979, and October, 1977* *April, 1980*, new series index (1967=100) all rates of pay in the "A", "B", "C", special teacher, and labor service salary schedules shall be increased by one cent per hour.

The increase, if any, in wages and salaries generated by this formula shall be effective ~~January 4, 1978, July 2, 1980~~, and shall continue in effect until ~~July 5, 1978~~ *December 31, 1980*.

A redetermination of the cost of living allowance shall be made for ~~April, 1978~~ *October, 1980*. For each full four-tenths point increase in the *revised consumer price index* for urban wage earners and clerical workers for Minneapolis-St. Paul, as published by the Bureau of Labor Statistics for the months of ~~January, 1977~~ *October 1979, and April, 1978* *October, 1980*, all rates of pay in the "A", "B", "C", special teacher, and labor *service* salary schedules shall be increased by one cent per hour. The increase, if any, in wages and salaries generated by this redetermination shall be effective ~~July 5, 1978~~ *December 31, 1980*.

During periods when such cost of living allowance is in effect, it shall be added to the applicable basic hourly ~~rates~~ *rate* of pay of each employee, including those that are above the maximum step of their range, and treated as a part thereof in all calculations involving employees' pay. Cost of living adjustments are not cumulative and allowances paid under an earlier determination shall cease when a redetermination takes effect.

Sec. 31. Minnesota Statutes 1978, Section 43.12, Subdivision 12, is amended to read:

Subd. 12. Overtime worked shall be compensated for either by cash payment or compensatory time off as provided for in overtime schedules approved under the provisions of the personnel rules or a *collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76*.

Sec. 32. Minnesota Statutes 1978, Section 43.12, is amended by adding a subdivision to read:

Subd. 12a. Notwithstanding any provision in this chapter to the contrary, the commissioner is authorized to pay for "work out of class" as required by the personnel rules or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76.

Sec. 33. Minnesota Statutes 1978, Section 43.12, Subdivision 14, is amended to read:

Subd. 14. Except for classification reassignments effective July 6, ~~1977~~ 4, 1979, no class will be reassigned to a higher salary range by the commissioner during the ~~1977-1979~~ 1979-1981 biennium.

Sec. 34. Minnesota Statutes 1978, Section 43.12, Subdivision 15, is amended to read:

Subd. 15. Notwithstanding the provisions of any other law to the contrary, when *prior to* making an appointment to the unclassified civil service of the executive branch of government, *except for unclassified employees compensated in accordance with plans submitted to the commissioner under the provisions of section 43.064*, the appointing authority shall provide the commissioner with a personal resume of the appointee and a detailed job description outlining the duties and responsibilities of the position which the appointee will occupy in such form as the commissioner may prescribe. Any changes in work assignment shall be reported in writing to the commissioner. If, in the judgment of the commissioner, additional information is required in order to establish comparability with positions in the classified civil service, the commissioner shall review the duties of the position in the same manner as a position in the classified civil service would be investigated. All persons in the unclassified civil service of the executive branch of government, except those whose salary is set specifically by statute, shall be paid according to the compensation provisions applicable to employees performing comparable work in the classified civil service, but in no event shall unclassified personnel receive rates of pay which exceed the maximum rate of the salary range established for comparable work in the classified civil service. *The appointing authority shall provide the commissioner with a personal resume of the appointee at the time of appointment to a position subject to the provisions of this subdivision.*

Sec. 35. Minnesota Statutes 1978, Section 43.12, Subdivision 16, is amended to read:

Subd. 16. Effective July 9, ~~1975~~ 4, 1979, employees whose positions are assigned to classes in the A, B, C, and labor service, and special teachers salary schedules working an assigned shift that begins before 6:00 a.m. or which ends on or after 7:00 p.m. shall receive a shift differential of ~~15~~ 20 cents per hour for all hours worked on that shift in addition to their regular rate of pay. *Such Shift differential shall be included in all payroll computations for hours worked but shall not apply during periods of paid leave.*

Employees working the regular day schedule who are required to work overtime or who are called back to work for special projects shall not be eligible for the shift differential.

Sec. 36. Minnesota Statutes 1978, Section 43.12, Subdivision 17, is amended to read:

Subd. 17. Effective July 1, ~~1977~~ 1979, any employee who is separated from the state classified civil service by reason of death, mandatory retirement, *retirement at or after 65*, or layoff, excluding seasonal layoffs, or who is separated after completing 20 years of *continuous* state service, or who retires under a state retirement

program after completing ten years of state service from state service after ten years of continuous state service and is immediately entitled at the time of retirement to receive an annuity under a state retirement program, notwithstanding an election to defer payment of the annuity, shall be entitled upon such separation, to pay in an amount equal to 40 percent of the employee's accumulated but unused sick leave balance at the time of separation, which balance shall not exceed 900 hours, plus 25 percent of the employee's accumulated but unused sick leave bank, times the employee's regular rate of pay at the time of separation. Severance pay for community college system faculty employees and for state university system faculty employees whose appointment and salary are based upon a nine month academic year shall be 35 percent of the employee's accumulated but unused sick leave balance. The provisions of this subdivision shall apply to unclassified employees in the same manner as they apply to employees in the classified civil service.

Should any employee who has received severance pay be subsequently reappointed to state service, eligibility for future severance pay shall be computed upon the difference between the amount of accumulated but unused sick leave to the employee's credit at the time the employee was separated and the amount of accumulated but unused sick leave balance at the time of the employee's subsequent eligibility for severance pay.

The base for computing the severance pay provided for in this clause shall not exceed 900 hours except for community college and state university system faculty employees whose base shall not exceed 112 days, nor shall said base include lapsed sick leave hours as defined by departmental rules and regulations.

Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits and shall be paid over a period not to exceed five years from termination of employment. In the event that a terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate.

Sec. 37, Minnesota Statutes 1978, Section 43.12, Subdivision 23, is amended to read:

Subd. 23. Whenever, because of changes in the organizational structure of an agency, in the duties of a position, or for some other reason, a position appears to be improperly allocated, the commissioner shall, upon his own initiative, or upon the written request of a permanent employee or an appointing authority, investigate the duties of the affected position. Following that investigation he may ~~reallocate~~ reclassify it to an appropriate class. If the commissioner makes a ~~reallocation~~ reclassification or denies an application for ~~reallocation~~ reclassification, under this subdivision, he shall notify the appointing authority and the employee affected of his action. A permanent employee or appointing authority affected by any such action shall have the same right to make an application for reconsideration as is granted an appointing

authority in the case of an original allocation by subdivision 22, and the procedure set out in subdivision 22 shall apply to such application. Except as provided in subdivision 26, any ~~reallocation~~ *reclassification* granted by the commissioner shall become effective upon the expiration of the time fixed for making an application for reconsideration, if none is made, or if one is made, at the date of notice by the commissioner of his final action.

Sec. 38. Minnesota Statutes 1978, Section 43.12, Subdivision 24, is amended to read:

Subd. 24. In case of any allocation under subdivision 21, or any ~~reallocation~~ *reclassification* under subdivision 23, no examination of witnesses nor any trial or hearing shall be required, but the commissioner may act upon such matters as are submitted to him in writing by the employee whose position will be affected by a ~~reallocation~~ *reclassification*, or by the appointing authority who will be affected by an allocation or a ~~reallocation~~ *reclassification*, and reports and records of investigators of the department, and may take official notice of the records of the department and of allocations of other comparable positions. The matters of which he takes official notice shall be set out by him in a memorandum to be filed with his order or report of investigation and made a part of his record. In all cases of applications for ~~reallocation~~ *reclassification*, the burden of proof shall be upon the person requesting the ~~reallocation~~ *reclassification*.

Sec. 39. Minnesota Statutes 1978, Section 43.12, Subdivision 25, is amended to read:

Subd. 25. Except as provided in subdivision 26, the incumbent of a position which has been ~~reallocated~~ *reclassified* shall continue in the position only if he is eligible for and actually is appointed to the position of the new class in accordance with the *provisions of this chapter, the personnel rules of the commissioner and a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76 governing reallocation or change in allocation of positions, promotion, transfer, and demotion*. In any case in which the incumbent is ineligible to continue in the position and he is not transferred, promoted or demoted, the layoff provisions of this chapter and , the *personnel rules of the commissioner or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76* shall apply. Personnel changes required by the ~~reallocation~~ *reclassification* of positions shall be completed within a reasonable period of time, as prescribed by the commissioner, following the ~~reallocation~~ *reclassification* notice to an appointing authority. Any employee with permanent or probationary status whose position is reallocated shall be considered eligible to compete in any examination held to fill the reallocated position, as provided in the *personnel rules of the commissioner*.

Sec. 40. Minnesota Statutes 1978, Section 43.122, Subdivision 5, is amended to read:

Subd. 5. Employees who are hired after July 5, 1977, for positions assigned to the labor service shall be hired at step A. Such

Employees shall advance to step B after 800 hours of service within a calendar year; to step C after completion of 800 hours in the second of two consecutive calendar years in which at least 800 hours at step B are worked; and to step D after completion of 800 hours in the second of two consecutive calendar years in which at least 800 hours at step C are worked. Advancement to the next higher step shall be effective at the beginning of the first payroll period following completion of the service requirement. Service requirements must be fulfilled with the same appointing authority, at the same principal place of employment, and performing similar work. Tenured laborers whose employment relationship is severed and non-tenured laborers who fail to meet the service and hour requirements for advancement in any calendar year, shall be considered to be new employees for purposes of this subdivision if they are subsequently reappointed to the labor service and shall be reappointed at step A.

Nontenured laborers who fail to meet the service and hour requirements for advancement in any calendar year and who are subsequently reappointed to the labor service with the same appointing authority within one year of termination shall be reappointed at the step at which they were last paid.

Tenured laborers who fail to meet the service and hour requirement for advancement in any calendar year shall continue at the step at which they were last paid until they meet the service and hour requirements for advancement.

Sec. 41. Minnesota Statutes 1978, Section 43.127, Subdivision 6, is amended to read:

Subd. 6. [EMPLOYEE BENEFITS.] The commissioner may design an employee benefit system for employees defined as managerial providing flexibility between leave, insurance, and other compensation items, which may differ from those for other state employees. Retirement items shall not be included in the commissioner's authority. *The managerial benefits established under the provisions of this subdivision may be extended to unclassified managers, including those department heads and deputies whose salaries are established in section 15A.081, subdivisions 1 and 5.*

Sec. 42. Minnesota Statutes 1978, Section 43.15, Subdivision 5, is amended to read:

Subd. 5. [EXPANSION OF ELIGIBLE LISTS TO MEET AFFIRMATIVE ACTION GOALS.] When the commissioner of personnel determines that a disparity exists between the agency's work force and its approved affirmative action plan, the commissioner shall insure to the extent possible that members of the protected group groups for which the disparity exists are included on that portion of the eligible list of persons to be considered for appointment, which list is hereinafter referred to as the "appointment list". Notwithstanding any contrary provision of this chapter, when a position is to be filled by open competitive examination and fewer than three individuals of a *all* protected group groups for which a disparity has been determined to exist appear

on the appointment list, the commissioner shall certify, if possible, as many additional names in order from the eligible list as are necessary so that an aggregate total of three persons from all the protected groups for which a disparity has been determined to exist have been added to appear on the appointment list. Notwithstanding any contrary provision of this chapter, when a position is to be filled by examination other than open competitive examination and fewer than one-third of the individuals on an appointment list are members of the protected group groups for which a disparity has been determined to exist, the commissioner shall certify, if possible, as many additional names in order from the eligible list as are necessary so that persons from all the protected groups for which a disparity has been determined to exist comprise one-third of the appointment list or until an aggregate total of three persons from all the protected groups for which a disparity has been determined to exist have been added to appear on the appointment list, whichever comes first. *However, the appointment list shall not be expanded when the position to be filled is covered by a collective bargaining agreement which provides for the filling of vacancies by seniority and the appointment list developed in accord with section 43.18 includes the names of one or more employees within the bargaining unit in which the vacancy exists.* Notwithstanding any provision of this subdivision to the contrary, no person shall be added to an appointment list as a result of this subdivision if that person received a score of less than 70 on the applicable test.

Sec. 43. Minnesota Statutes 1978, Section 43.17, Subdivision 3, is amended to read:

Subd. 3. [CERTIFIED LISTS; APPOINTMENTS MADE FROM.] Appointments shall be made from the appropriate eligible list, but if no such list exists, then the commissioner may certify from such other list as he deems the next most nearly appropriate. A new and separate list shall be created for a stated position only when there is no satisfactory list determined appropriate by the commissioner. *Where the vacancy to be filled is in a position covered by a collective bargaining agreement, the appointment list shall be made available upon request to the exclusive representative as defined in sections 179.61 to 179.76.* The commissioner shall have authority to establish separate eligible lists applicable to various localities. No person shall be appointed or employed under any title not appropriate to the duties performed, and no person shall be transferred to, nor assigned, *except pursuant to the "work out of class" provisions of the personnel rules or a collective bargaining agreement,* to perform the duties of; any position in the classified service, unless he has previously qualified therefor under the provisions of this chapter.

Sec. 44. Minnesota Statutes 1978, Section 43.17, Subdivision 4a, is amended to read:

Subd. 4a. Notwithstanding any law to the contrary, persons may be employed by any governmental department agency in the classification of service worker or be employed as a pre-service

trainee, as defined by applicable personnel job description or personnel rule, in excess of any personnel limitations, quotas or complements as established by law. Said employment shall be subject to restrictions contained in section 46.173 16A.123 and shall be subject to the advance approval of the commissioner of administration finance.

Sec. 45. Minnesota Statutes 1978, Section 43.19, is amended to read:

43.19 [VACANCIES; PROMOTIONS; DISMISSALS.] Subdivision 1. [VACANCIES FILLED BY PROMOTION.] (1) Vacancies in positions shall be filled, so far as practicable, by promotion from among persons holding positions in the *classified executive branch of the state civil service, or the legislative branch of state civil service, and classified positions on the staff of the legislative auditor, Minnesota state retirement system and teachers retirement association* and, subject to such exceptions as the commissioner may provide, from the lower class and in accordance with section 43.18 and personnel rules. Except as provided in clause (2), promotions shall be based upon merit and fitness, to be ascertained by competitive examinations in which the employee's efficiency and job-related conduct shall constitute a factor. For positions defined by personnel rule as "non-managerial" seniority shall also constitute a factor.

(2) The commissioner may authorize the appointing authority of any state agency to promote any employee in that agency to a position in a higher class requiring peculiar and exceptional qualifications of an administrative, scientific, professional, or expert character, following a non competitive examination, which shall be practical and shall involve only the duties of the position provided his position has been reallocated as the result of gradual changes in the job which have occurred over a period of time and he has performed satisfactorily in the position.

(3) The commissioner shall give the non competitive examinations provided for in clause (2) upon request of any appointing authority, in accordance with personnel rules.

Subd. 2. [INCREASE, WHEN A PROMOTION.] For the purpose of this section, the commissioner shall determine, by personnel rule, what shall constitute a promotion.

Subd. 3. [RESTORATION TO POSITION AFTER DISMISSAL.] Any promotional appointee who is either dismissed during the probationary period from the position to which he has been promoted for cause other than misconduct or delinquency on his part from the position to which he has been promoted either during the probationary period, or who does not attain permanent classified civil service status in the class to which he has been promoted in accord with section 43.21 at the conclusion thereof by reason of the failure of the appointing authority to file a request for his continuance in the position of the probationary period, shall be restored to the a position in the class and agency from which he was promoted. Nothing contained in this section shall be

construed to prevent any employee of the classified *civil service* from competing for places upon registers of persons eligible for original appointments.

Subd. 4. [MANAGERIAL OR PROFESSIONAL POSITION, FILLING.] Notwithstanding any provision in this chapter, to the contrary, every vacancy in a managerial or professional position shall be open to any state employee *in the executive branch or legislative branch and any classified employee of the legislative auditor, Minnesota state retirement system and teachers retirement association* qualifying through examination and in accordance with the provisions of section 43.18, subdivision 1. The commissioner of personnel may require the filling of this type of vacancy by any qualified person, but in no case shall the filling of such a vacancy be limited to only the employees of a department or agency. *For professional positions seniority in length of service shall also be one of the factors in an appointment in the manner as provided by personnel rule.*

Subd. 5. [PROMOTIONS; WORK STATION LOCATION.] No employee of any agency in the executive branch shall be deemed ineligible for promotion to a position solely because of the location of the employee's current work station or the location of the work station to which the employee would be assigned if promoted to that position.

Sec. 46. Minnesota Statutes 1978, Section 43.20, Subdivision 3, is amended to read:

Subd. 3. In case of an emergency, an appointment may be made without regard to the provisions of this chapter, but in no case shall it continue longer than ~~ten~~ *30 working days, and in no case shall successive emergency appointments be made; . This provision shall apply to both persons and positions; and . No person shall receive be employed more than three 30 working days on emergency appointments in any one or different positions within any 12 month period by the same appointing authority.*

Sec. 47. Minnesota Statutes 1978, Section 43.20, Subdivision 5, is amended to read:

Subd. 5. Where the services to be rendered by an appointee are for a temporary period ~~not to exceed an accumulation of six months in any 12 month period~~, the commissioner shall, *when practicable*, certify from an eligible list for the temporary service any person he deems qualified; the acceptance or refusal by an eligible of a temporary appointment shall not affect his standing on the register for permanent employment, nor shall the period of temporary service be counted as a part of the probationary period in case of subsequent appointment to a permanent position. *Where certification from an eligible list is impractical, the commissioner may authorize the temporary appointment of an individual designated by the appointing authority. The commissioner shall refer to the appointing authority the names of employees on layoff from the legislature who are available for appointment to temporary positions with duties and responsibilities comparable to*

work performed in the legislature. The secretary of the senate and the chief clerk of the house shall supply the names of legislative employees on layoff status who are available for appointment. No temporary appointment shall exceed an accumulation of six months except to fill a vacancy created by an approved leave of absence not to exceed one year or where the commissioner grants an extension of temporary appointment to the maximum of one year in the best interests of the state. No person shall receive successive temporary appointments, nor be employed in temporary appointments for more than 12 months within any 24 month period.

Sec. 48. Minnesota Statutes 1978, Section 43.227, is amended to read:

43.227 [TIME OFF IN EMERGENCIES.] ~~At the request of a department head, and An appointing authority, after consultation with the commissioner of public safety, the commissioner may authorize the requesting department head to excuse state employees from duty with full pay in the event of a natural or man made emergency, if continued operation would involve a threat to the health or safety of individuals. Absence with pay shall not exceed 16 working hours at any one time unless the governor commissioner authorizes a longer duration.~~

Sec. 49. Minnesota Statutes 1978, Section 43.24, is amended to read:

43.24 [REMOVAL.] Subdivision 1. [WRITTEN STATEMENT.] ~~No permanent employee in the classified service, under the provisions of this chapter or the rules made pursuant thereto, shall be removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position, except for just cause, which shall not be religious or political, or because of the employee's race, sex, disability or age, subject however to the mandatory retirement ages specified by law. In case of any disciplinary action, as enumerated in this section, the employee shall, before the action is taken, be furnished with a statement, in writing, setting forth the reasons for the disciplinary action, be permitted five days time to reply thereto, in writing, or upon his request, to appear personally and reply to the head of the department. A copy of the statement and the employee's reply, if any, shall be filed with the commissioner prior to the effective date thereof. Any permanent employee in the classified service who is removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position, shall be notified no later than the effective date of the action of his right to appeal the action to the board.~~

Subd. 1a. For the purposes of this section, "just cause" includes, but is not limited to, consistent failure to perform assigned duties, chronic unauthorized absenteeism, substandard or consistently marginal performance, failure to improve performance despite warnings and suggestions for improvement by supervisors, insubordination, and unfavorable performance appraisals. "Just cause" excludes the religious beliefs, political beliefs, race, sex, disability

status and age of the employee, subject however to mandatory retirement ages specified by law.

Subd. 2. [APPEAL TO BOARD; PUBLIC HEARINGS, FINDINGS, HEARING CONFERENCE.] Any permanent employee who is removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position and who has not elected to proceed pursuant to a grievance procedure, if such procedure is available, pursuant to sections 179.61 to 179.77, may appeal to the board within 30 days after the effective date of such removal, discharge, suspension or reduction in pay or position. In no event may an employee avail himself of both the procedure under this section and the grievance procedure under sections 179.61 to 179.77. Upon such appeal, both the appealing employee and the appointing authority or their representatives shall meet with the hearing officer, at a place and on such date as set by him for the purpose of determining the facts at issue. Prior to the hearing conference, both parties may stipulate on mutually agreed matters relevant to the dismissal or other disciplinary action referred to in this subdivision. If the hearing officer is successful in reaching a mutually agreed settlement between both parties, such agreement shall be certified to the board, with copies furnished to both parties, and such agreement, if approved by the board, shall become binding on both parties. The hearing conference shall be conducted in such manner and follow such procedures as prescribed by the board. The issues and facts on which agreement has not been reached will be decided during the hearing at which hearing technical rules of evidence shall not apply. If the board finds that the action complained of was not taken by the appointing authority for just cause, the employee shall be reinstated to his position, or an equal position in another department or division, without loss of pay. If the board finds that there exist sufficient grounds for institution of dismissal but extenuating circumstances are brought out in testimony and evidence, it may in its discretion reinstate the employee, with full, partial, or no pay, or it may modify the appointing authority's action by substituting a lesser disciplinary action. The hearing officer shall recommend to the board an appropriate disposition of the case. If no exceptions are made, the hearing officer's recommended disposition shall, at the option of the board, become final. If exceptions are taken, the board, upon a review of the record, may accept the officer's recommendations with or without additional oral or written evidence from the parties, may remand the case to the officer for further hearing, adopt the hearing officer's report with any changes warranted by the record, or issue its own report of findings and orders. In those cases in which the board finds just cause for dismissal, the findings and recommendations of the board shall be submitted to and considered by the appointing authority, who may, not later than 30 days after receipt of such findings and recommendations, reinstate the employee with or without pay for the period of suspension, or otherwise modify his original decision of suspension, demotion, or discharge. When any permanent employee is dismissed and not reinstated after appeal, the board may direct that his name be placed on an appropriate reemployment

list, for employment in any similar position other than the one from which he has been removed, which direction shall be enforced by the commissioner.

Subd. 3. [REQUEST FOR WRITTEN STATEMENT.] When any such permanent employee shall be suspended without pay, he shall, within 30 days time after being notified of such disciplinary action, be furnished with a statement in writing specifically setting forth the reasons for the disciplinary action, and a copy of such statement shall then also be filed with the commissioner.

Sec. 50. Minnesota Statutes 1978, Section 43.32, Subdivision 4, is amended to read:

Subd. 4. [HUMAN RESOURCES PLANNING.] The commissioner, *in conjunction with state agency heads*, shall develop a statewide system of manpower planning in cooperation with state departments and agencies which shall provide for an assessment of present and future manpower needs *analyze and assess current and future human resource requirements*.

The commissioner shall coordinate ~~departmental~~ agency training activities and other personnel actions throughout the state civil service in order to meet the current and projected personnel *human resource* requirements of the state.

Sec. 51. Minnesota Statutes 1978, Section 43.327, Subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER TO MAKE RULES ON TRAVEL.] (1) The commissioner shall ~~make promulgate~~ personnel rules relating to *special expenses and travel* of state employees on state business ~~and expenses incurred thereon~~. For purposes of this subdivision, "special expense" means a necessary reimbursable expense for meals, lodging, registration, conference fees or other expenses incurred in connection with assigned official duties of a state employee and where the employee's attendance or participation will accrue primarily to the state.

(2) When unusual difficulty in recruiting qualified applicants is being encountered, the commissioner may authorize the appointing authority to pay travel expenses incurred by applicants invited for oral examinations or for employment interviews in the same manner and amounts authorized by personnel rules for state employees.

Sec. 52. Minnesota Statutes 1978, Section 43.327, Subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER OF FINANCE TO ENFORCE RULES.] The commissioner of finance shall enforce the personnel rules concerning travel ~~or~~, relocation and special expenses and provide for the payment of expenses actually incurred or for payment on a daily flat rate as the personnel rules may permit. The commissioner of finance may delegate the authority to approve travel and special expenses to the appointing authority. Subsequent delegation by the appointing authority must be approved in advance by the commissioner of finance and filed with the secre-

tary of state. The commissioner of finance shall periodically review authority that has been delegated to ensure compliance with personnel rules relating to travel and special expenses and may modify or withdraw the delegation at any time upon written notice to the appointing authority.

Sec. 53. Minnesota Statutes 1978, Section 43.43, is amended by adding a subdivision to read:

Subd. 9. "Dental insurance" means:

A plan that provides coverage for, or pays, or reimburses expenses for dental care, including orthodontics for an eligible employee's eligible dependent children from age 8 to 19.

Sec. 54. Minnesota Statutes 1978, Section 43.44, Subdivision 2, is amended to read:

Subd. 2. A state employee determined to be eligible for the benefits provided in sections 43.42 to 43.49 43.50 shall continue to be eligible therefor so long as he appears on a state payroll for at least one working day during each payroll period except as otherwise provided in this subdivision. Vacation leave, compensatory time or sick leave cannot be used for the purpose of continuing state paid insurance by keeping an employee on a state payroll for one working day per payroll period during the time the employee is on an unpaid leave of absence. If the state employee is employed on the basis of a school year and whose his employment contemplates absences from the state payroll during the summer months and during vacation periods occurring at Christmas, New Year, and Easter scheduled by the appointing authority which occur during the regular school year, he nonetheless shall continue to be eligible for such benefits provided he appears on his regular payroll for at least one working day for the payroll period immediately preceding such vacation periods. An academic employee of the University of Minnesota, the state university board, or the state board for community colleges, otherwise eligible for basic life insurance, basic dental insurance and basic health benefits coverage paid for by the state shall have continuous basic coverages maintained during the period of a sabbatical leave.

If the state employee is granted a leave of absence to work for the legislature or either branch thereof, during a regular or special legislative session, he nonetheless shall continue to be eligible for such benefits provided he appears on the state payroll or the legislative payroll for at least one working day for each payroll period.

If a state employee who has three years or more of continuous service is laid off he nonetheless shall continue to be eligible for the benefits provided in sections 43.42 to 43.50 for a period of six months from the date of layoff.

A state employee who is disabled and off the state payroll as a result of personal injury arising out of and in the course of employment with the state and is otherwise eligible for the basic life insurance, basic dental insurance and basic health benefits cover-

age paid for by the state shall be eligible for state paid for coverage and shall continue to be eligible therefor for state paid coverage during the period such employee is receiving workers' compensation payments for temporary total or temporary partial disability pursuant to an award of the workers' compensation court of appeals or is on disability leave pursuant to the rules of the department of personnel or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76.

Sec. 55. Minnesota Statutes 1978, Section 43.47, Subdivision 2, is amended to read:

Subd. 2. An emergency, temporary, or intermittent employee of the state; *student workers hired after July 1, 1979 and interns of the state*; a part time or seasonal employee of the state serving on less than a 75 percent time basis; but this exclusion shall not apply to a part time or seasonal employee of the state in the classified service who prior to April 1, 1967 was eligible for state paid basic life insurance and health benefits;

Sec. 56. Minnesota Statutes 1978, Section 43.491, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding the restrictions contained in section 43.44, subdivision 2, a retired state employee who is eligible for, applies for and receives an annuity under a state retirement program shall be eligible to continue to participate at his own expense in the hospital benefits coverage and medical benefits coverage provided for other state employees by sections 43.42 to 43.50. The retired employee may also, at his own expense, continue hospital benefits coverage and medical benefits coverage for his dependents who meet the general dependent eligibility requirements for those coverages. The coverage shall be coordinated with relevant health insurance benefits provided through the federally-sponsored medicare program. Within 30 days after April 6, 1978 August 1, 1979, or within 30 days after the effective date of his retirement, whichever day is later, the employee shall notify the commissioner or his designee of his intention to continue the coverage. The commissioner shall establish forms and procedures, including provisions for notice to the retired or retiring employee, for exercise of the option provided by this section and for payment of necessary premiums.

Sec. 57. Minnesota Statutes 1978, Section 43.50, Subdivision 1, is amended to read:

43.50 [PAYMENT OF PREMIUMS.] Subdivision 1. Each department of the state government shall pay the amounts due for basic life insurance, basic dental insurance, and basic health benefits coverage authorized for eligible state employees as provided by this chapter. Effective July 1, 1977 1979, each department of the state government shall contribute up to \$58 \$64 per year toward the cost of the approved annual health evaluation and screening program for each eligible employee who elects to participate and who elects health insurance coverage under Blue Cross and Blue

Shield of Minnesota. Eligible employees who elect coverage under a health maintenance organization shall only be eligible to receive this benefit if the health maintenance organization in which the employee is enrolled does not make available without additional cost, on an annual basis, the tests performed for state employees by the approved program. Effective July 1, 1981, a health maintenance organization which is a carrier for state employees shall be eligible to receive the payments under this section for the evaluation and screening of state employees who are enrollees in that health maintenance organization.

Additionally, and notwithstanding any law to the contrary, effective the first day of the first payroll period commencing on or after July 1, ~~1977~~ 1979, each department of the state government shall contribute \$45 up to \$60 per month or 90 percent of the cost, whichever is greater, toward the cost of dependent hospital-medical insurance coverage premiums for their eligible employees who have eligible dependents. Effective the first day of the first payroll period commencing on or after July 1, ~~1978~~, Each department shall pay the full cost for such dependent hospital medical coverage and, for all eligible employees carrying dependent dental insurance coverage, shall also contribute one-half the difference between single and family dental coverage per month except that no department shall pay an amount in excess of the contribution for dependent hospital medical and dental coverage in effect on June 30, ~~1979~~ for all eligible employees carrying dependent dental insurance coverage. To enable employees to receive benefit from this provision, open enrollment periods from August 15 through September 30, ~~1977~~ 1979 and from August 15 through September 30, ~~1978~~ 1980, are established. During open enrollment periods employees may enroll their dependents in dental coverage and hospital-medical coverage without proof of insurability. Effective January 1, ~~1977~~, the state contribution of \$30 per month shall apply to eligible members of the legislature who have eligible dependents. Effective January 1, ~~1979~~ 1981, the increased *changed* benefits provided in this section shall apply to eligible members of the legislature and their eligible dependents. Each of the departments shall pay such amounts from accounts and funds from which the department receives its revenues, including appropriations from the general fund and from any other fund, now or hereafter existing for the payment of salaries and in the same proportion as it pays therefrom the amounts of salaries. In order to enable the commissioner of finance to maintain proper records covering the appropriations pursuant to this section, he may require certifications in connection therewith as he may deem necessary from any state agency, the Minnesota historical society, or the university of Minnesota whose employees receive benefits pursuant to this chapter. The accounts and funds referred to from which departments receive appropriations under the terms of this section are hereby declared to be a source of revenue for the purposes of any other law or statutory enactment.

Sec. 58. Minnesota Statutes 1978, Section 43.51, is amended to read:

43.51 [DEATH BENEFIT FOR RETIRED EMPLOYEES.] Employees who retire from state service on or after July 1, 1977, shall be entitled to a \$500 cash death benefit payable to a beneficiary designated by the employee, if, at the time of the employee's death, the employee is receiving entitled to an annuity under a state retirement program. *A \$500 cash death benefit shall also be payable to the designated beneficiary of an employee who becomes totally and permanently disabled after July 1, 1979, and who at the time of death is receiving a state disability benefit and is eligible for a deferred annuity under a state retirement program.*

Sec. 59. Minnesota Statutes 1978, Section 62D.22, Subdivision 7, is amended to read:

Subd. 7. A licensed health maintenance organization shall be deemed to be a prepaid group practice plan for the purposes of chapter 43 and shall be allowed to participate as a carrier for state employees subject to any negotiated labor agreement and reasonable restrictions applied to all carriers.

Sec. 60. Minnesota Statutes 1978, Section 179.63, Subdivision 11, is amended to read:

Subd. 11. "Essential employee" means any person within the definition of subdivision 7 whose employment duties involve work or services essential to the health or safety of the public and the withholding of such services would create a clear and present danger to the health or safety of the public firefighters, police officers, highway patrolmen, guards at correctional institutions, and employees of hospitals other than state hospitals.

Sec. 61. Minnesota Statutes 1978, Section 179.64, Subdivision 5, is amended to read:

Subd. 5. Any public employee, upon request, shall be entitled, as hereinafter provided, to establish that he did not violate the provisions of this section. Such request must be filed in writing with the officer or body having the power to remove such employee, board within ten days after notice of termination is served upon him; whereupon such officer, or body, the board shall within ten days commence a proceeding at which such person shall be entitled to be heard for the purpose of determining whether the provisions of this section have been violated by such public employee, and. If there be are laws and regulations establishing proceedings to remove such public employee, the hearing shall be conducted in accordance therewith proceedings shall be suspended until the board has issued its decision on whether or not a violation of this section has occurred. The proceedings may upon application to the court board by an employer, an employee, or employee organization and the issuance of an appropriate order by the court board include more than one employee's employment status if the employees' defenses are identical, analogous or reasonably similar. Such proceedings shall be undertaken without unnecessary delay. Any person may secure a review of his removal by serving a notice so requesting upon the employer removing him within 20 days after the results of the hearing referred to herein

have been announced. This notice, with proof of service thereof, shall be filed within ten days after service, with the clerk of the district court in the county where the employer has its principal office or in the county where the employee last was employed by the employer. The district court shall thereupon have jurisdiction to review the matter the same as on appeal from administrative orders and decisions. This hearing, shall take precedence over all matters before the board and may be held upon ten seven days written notice by either party to both parties. The court shall make such order in the premises as is proper; and an appeal may be taken therefrom to the supreme court. The board shall make findings of fact and issue any order as is proper. Any sanction against an employee imposed by the employer pursuant to this section which is not reasonable or is inconsistent with the board's findings and order shall be an unfair labor practice and appealable to the board as such.

Sec. 62. Minnesota Statutes 1978, Section 179.64, Subdivision 7, is amended to read:

Subd. 7. ~~Either~~ A violation of section 179.68, subdivision 2, clause (9), or a refusal by the employer to request binding arbitration when requested by the exclusive representative pursuant to section 179.69, subdivision 3 or 5, or, as applied to state employees, a disapproval by the legislative commission on employee relations pursuant to section 2 or a failure by the legislature to approve pursuant to section 179.74, is a defense to a violation of this section, except as to essential employees. As to all public employees, no other unfair labor practice or violation of Laws 1973, Chapter 635 by a public employer shall be a violation of this section but may be considered by the court board in mitigation of or retraction of any penalties as to employees and employee organizations.

Sec. 63. Minnesota Statutes 1978, Section 179.65, Subdivision 6, is amended to read:

Subd. 6. Supervisory and confidential employees, principals and assistant principals may form their own organizations. An employer shall extend exclusive recognition to a representative of or an organization of supervisory or confidential employees, ~~or principals and assistant principals~~, for the purpose of negotiating terms or conditions of employment, in accordance with all other provisions of Laws 1973, Chapter 635, as though they were essential employees. Units of supervisory or confidential employees shall not participate in any joint negotiations which involve the participation of units of employees other than supervisory or confidential employees. Affiliation of a supervisory or confidential employee with another employee organization which has as its members non-supervisory employees or non-confidential employees is permitted.

Sec. 64. Minnesota Statutes 1978, Section 179.66, Subdivision 1, is amended to read:

179.66 [RIGHTS AND OBLIGATIONS OF EMPLOYERS.] Subdivision 1. A public employer is not required to meet and negotiate on matters of inherent managerial policy, which include, but are not limited to, such areas of discretion or policy as the functions and programs of the employer, its overall budget, utilization of technology, the organizational structure and selection and direction and number of personnel. *No public employer shall sign an agreement which limits the right of the public employer to select persons to serve as supervisory employees or state managers pursuant to section 43.127 or requires the use of seniority in their selection.*

Sec. 65. Minnesota Statutes 1978, Section 179.67, Subdivision 3, is amended to read:

Subd. 3. The director may certify an employee organization as an exclusive representative in an appropriate unit upon the joint request of the employer and the organization if, ~~after investigation, he finds that no charge is pending with the board claiming that an unfair labor practice was committed in initiating and submitting the joint request and that the employee organization does in fact represent over 50 percent of the employees in the appropriate unit.~~ The provisions of this subdivision shall not in any case reduce the time period or nullify any bar to the employee organization's certification existing at the time of the filing of the joint request.

Sec. 66. Minnesota Statutes 1978, Section 179.67, Subdivision 13, is amended to read:

Subd. 13. Upon a finding by the ~~director board~~ of an unfair labor practice being committed by an employer or representative candidate or an employee or group of employees, which unfair labor practice affected the result of an election held pursuant to this section, the ~~director board~~ may void ~~such the~~ election result and order ~~the director to conduct a new election or, if a fair election cannot be held, the board may order the director to~~ certify a union if the unfair labor practice has resulted in the dissipation of the majority status of the employee organization.

Sec. 67. Minnesota Statutes 1978, Section 179.67, is amended by adding a subdivision to read:

Subd. 4a. The director shall not consider a petition for a decertification election during the effective term of a contract covering employees of the executive branch of the state of Minnesota except for a period for not more than 270 to not less than 210 days before its date of termination.

Sec. 68. Minnesota Statutes 1978, Section 179.68, Subdivision 1, is amended to read:

179.68 [UNFAIR PRACTICES.] Subdivision 1. The practices specified in this section are unfair practices. Any employee, employer, employee or employer organization, exclusive representative, or any other person or organization aggrieved by an unfair labor practice as defined in sections 179.61 to 179.77 may bring an

action in district court of the county wherein the practice is alleged to have occurred before the board for injunctive relief and for damages caused by such the unfair labor practice.

Sec. 69. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.681] [PREVENTION OF UNFAIR LABOR PRACTICES.] *Subdivision 1. Any allegation concerning an unfair labor practice shall be submitted to the board for a determination and remedy as provided in this section.*

Subd. 2. Upon the filing with the board by any party in interest of a complaint in writing, on a form provided by the board, charging any person with engaging in or having engaged in any specific unfair labor practice, the complainant shall provide by registered mail or personal service a copy of the complaint to all other parties in interest. Any other person claiming interest in the dispute or controversy, as an employer, an employee, or their representative, may be made a party upon application. The board may bring in additional parties by service of a copy of the complaint. Only one complaint shall issue against a person with respect to a single controversy, but a complaint may be amended in the discretion of the board at any time prior to the issuance of a final order based on the complaint. The person against whom the complaint is made may file an answer to the original or amended complaint and may appear in person or otherwise and give testimony at the place and time fixed in the notice of hearing. If the board decides that the complaint is without merit, it shall issue an order to that effect. If the board decides that the complaint may have merit, the board shall fix a time for the hearing, which shall not be less than ten nor more than 40 days after the filing of the complaint, except as otherwise provided in section 179.64, subdivision 5. Notice shall be given to each interested party by personal service or by mailing a copy to him at his last known post-office address at least ten days before the hearing. No complaint may be acted on by the board concerning an unfair labor practice committed more than six months prior to the filing of the complaint unless the board for good cause waives the time limitation.

Subd. 3. The board may issue subpoenas, administer oaths, and take and provide for the taking of depositions. Any person who willfully and unlawfully fails or neglects to appear, testify or produce books, papers, and records as required, shall, upon application to a district court, be ordered to appear before the board to testify or produce evidence if so ordered. Failure to obey the order of the court may be punished as civil contempt. Each witness appearing before the board or before a hearing examiner holding a hearing on behalf of the board shall be paid by the party requesting the witness in the amount and manner specified in section 357.22 unless the board determines that the witness is a public official who is appearing in the regular and normal course of his official duties and who is reimbursed by his employer in whole or in part for expenses necessitated by his appearance. A full and complete record of all proceedings before the board shall be kept in the manner most practical and most economical as determined

by the board. The board may admit and give probative effect to evidence which possesses probative value commonly accepted by reasonable, prudent men in the conduct of their affairs. They shall give effect to the rules of privilege recognized by law. They may exclude incompetent, irrelevant, immaterial and repetitious evidence. Compliance with the technical rules of pleading before courts need not be required by the board.

Subd. 4. If the board cannot expeditiously hold a hearing on a complaint filed with the board, the board may request the chief hearing officer of the state office of hearing examiners to assign a hearing officer to hold a hearing on the complaint on behalf of the board. After an assignment is made the hearing officer shall notify the parties of the time and place of the hearing, conduct the hearings in a fair and impartial manner, and following the hearing, issue a report to the board stating his findings of fact, his conclusions, and, if proper, his recommendations for a remedy. The board shall then consider the report of the hearing examiner and may adopt, modify, or reject the report. The board may base its decision on a review of the record made by the hearing examiner, or it may, if necessary, choose to rehear the matter in whole or in part before issuing its decision.

Subd. 5. If upon the preponderance of the testimony taken the board is of the opinion that any person named in the complaint has engaged in or is engaging in an unfair labor practice, then it shall state its findings of fact and shall issue and cause to be served on the person an order requiring him to cease and desist from the unfair labor practice, and to take affirmative action, including, but not limited to, reinstatement of employees with or without back pay, as will effectuate the policies of the public employment labor relations act. If upon the preponderance of the testimony taken the board is not of the opinion that the person named in the complaint has engaged in or is engaging in an unfair labor practice, then the board shall state its findings of fact and shall issue an order dismissing the complaint. The board may as part of its final order, in cases where it deems it appropriate, require a person found to have committed an unfair labor practice to reimburse the prevailing party for reasonable costs incurred in conjunction with the filing and hearing of the complaint.

Subd. 6. If, after 30 days following the issuance of its order, the board finds that the order has not been complied with, the board or the prevailing complainant may petition the district court of the county wherein the unfair labor practice was or is being committed for an injunction against further disobedience of its order. The injunction shall be granted unless the party against whom the board's order was directed can show that it has initiated appeals proceedings under subdivision 7, in which case, the injunction shall still be granted unless the court finds substantial reasons for denying the injunction.

Subd. 7. A party in interest may within 30 days of the issuance of an order have the order reviewed by the supreme court on certiorari upon the grounds provided in section 15.0425.

No objection that has not been urged before the board shall be considered by the court, unless the failure or neglect to urge the objection is excused because of extraordinary circumstances. The findings of the board with respect to questions of fact, if supported by substantial evidence on the record considered as a whole, shall be conclusive. If either party applies to the court for leave to adduce additional evidence and shows to the satisfaction of the court that the additional evidence is material and that there were reasonable grounds for the failure to adduce the evidence in the hearings before the board, the court may order the evidence to be taken before the board and to be made a part of the record. The board may modify its findings as to the facts, or make new findings, by reason of additional evidence taken and filed. The board shall file the modified or new findings, which findings with respect to questions of fact if supported by substantial evidence on the record considered as a whole shall be conclusive. The board shall file its recommendations, if any, for the modification or setting aside of its original order. On review of any board order the supreme court may reverse, affirm, or modify the order and enter such judgment as it deems just and proper. Where necessary the supreme court may remand the cause to the board for a new hearing or for further proceedings with directions.

Subd. 8. Until the record in a case is filed in a court, as hereinafter provided, the board may at any time, upon reasonable notice and in a manner it deems proper, modify or set aside, in whole or in part, any findings or order made or issued by it.

Sec. 70. Minnesota Statutes 1978, Section 179.72, is amended to read:

179.72 [PUBLIC EMPLOYMENT RELATIONS BOARD; POWERS AND DUTIES; ARBITRATION.] Subdivision 1. There is hereby established a public employment relations board with the powers and duties assigned to it by this section. The board shall consist of five ~~three~~ members appointed by the governor of the state of Minnesota with the advice and consent of the senate. ~~Two members shall be representative of public employees; two shall be representative of public employers; and one shall be representative of the public at large. Public employers and employee organizations representing public employees may submit for consideration names of persons representing their interests to serve as members of the board. Board members shall devote the equivalent of full time service to the board and shall refrain from political activity or other activity incompatible with their board duties during the term of their appointment. Board members shall not be selected on the basis of their affiliation with or representation of any group or special interest, but shall be selected because of experience and proficiency in the practice and laws of labor relations and because of an ability to render knowledgeable, impartial decisions in matters before the board. Members shall be appointed for a term of six years, each term beginning on July 1 of an even numbered year. One initial appointment shall be for two years, and one initial appointment shall be for four years. Members shall hold office until their successors are appointed and~~

qualified and vacancies shall be filled by the governor of the state of Minnesota for the unexpired term. The board governor shall select one of its members to serve as chairman for a term beginning May 1 each year. The director of mediation services shall provide secretarial and administrative services to the board.

Subd. 2. The board shall adopt its own rules governing its procedure and shall hold regular and special meetings as are prescribed in such rules. The chairman shall preside at meetings of the board. *The chairman may designate one or more of the board members, individually, to perform certain acts on behalf of the board. The chairman shall have the responsibility for scheduling hearings, assigning the writing of opinions, hiring employees, and he shall be the chief administrative officer of the board.*

Subd. 3. In addition to the other powers and duties given it by law, the board has the following powers and duties:

(a) to hear and decide issues relating to the meaning of the terms "supervisory employee", "confidential employee", "essential employee" or "professional employee", as defined by section 179.63;

(b) to hear and decide appeals from determinations of the director relating to the appropriateness of a unit under section 179.67;

(c) to approve or disapprove the rules and regulations promulgated by the director under section 179.71, subdivision 5, clause (g);

(d) to hear and decide on the record from determinations of the director relating to a fair share fee challenge decided under section 179.71, subdivision 2; and

(e) to render and enforce decisions in unfair labor practice cases as specified in sections 179.64, 179.67, 179.68, and section 69 .

Subd. 4. The board shall adopt rules pursuant to chapter 15 governing the presentation of issues relating to matters included in subdivision 3; and the taking of such appeals. All issues and appeals from a determination of the director presented to the board shall be determined upon the record established by the director of mediation, except that the board at its discretion may request additional evidence when necessary or helpful. *The board may employ persons as are necessary for the efficient performance of its functions. The board shall keep and file in a logical manner all its orders and decisions, which file shall be available for use by the public. The board shall in January of each odd numbered year issue a report on its activities to the governor and the legislature. The report may also contain recommendations for legislative action in the field of labor relations.*

Subd. 5. The board shall maintain a list of names of arbitrators qualified by experience and training in the field of labor management negotiations and arbitration. Names on the list may be selected and removed at any time by a majority of the board. In maintaining the list of such persons the board shall, to the maxi-

imum extent possible, select persons from varying geographical areas of the state.

Subd. 6. When final positions are certified to the board as provided in sections 179.69, subdivision 3, or submitted to the board as provided in section 179.69, subdivision 5, the board shall constitute an arbitration panel as follows:

The parties shall, under the direction of the chairman of the board, alternately strike names from a list of seven arbitrators until only three names remain, which three members shall be members of the panel; provided, however, that if either party requests the parties shall select a single arbitrator to hear the dispute. If the parties are unable to agree on who shall strike the first name, the question shall be decided by the flip of a coin. In submitting names of arbitrators to the parties the board shall endeavor whenever possible to include names of persons from the general geographical area in which the public employer is located. The panel shall assume and have jurisdiction over the items of dispute certified to the board for which the panel was constituted. The panel's orders shall be issued upon a majority vote of members considering a given dispute. The members of the panel shall be paid their actual and necessary traveling and other expenses incurred in the performance of their duties plus a per diem allowance of \$180 for each day or part thereof while engaged in the consideration of a dispute. All fees, expenses and costs of the panel shall be shared and assessed equally to the parties to the dispute. In those cases where a single arbitrator is hearing a dispute, the fees, expenses and costs of the arbitrator shall also be shared and assessed equally by the parties to the dispute.

Subd. 7. The arbitration panel or arbitrator selected by the parties shall resolve the issues in dispute between the parties as submitted by the board, and the panel's decision and order shall be final and binding upon the parties. Provided, however, that no decision of the panel which violates any provision of the laws of Minnesota or rules or regulations promulgated thereunder or municipal charters or ordinances or resolutions enacted pursuant thereto, or which causes a penalty to be incurred thereunder, shall have any force or effect. In considering a dispute and issuing its order the panel shall give due consideration to the statutory rights and obligations of public employers to efficiently manage and conduct its operations within the legal limitations surrounding the financing of such operations. The panel's ~~orders~~ *order* shall be issued by a majority vote of its members considering a *given* the dispute. The panel shall have no jurisdiction over nor authority to entertain any matter or issue not within the definition stated in section 179.63, subdivision 18; provided, however, items not within terms and conditions of employment may be included in an arbitration decision if such items are contained in the employer's final position. Any issue or order or part thereof issued by the panel determining any matter not included under section 179.63, subdivision 18 or the employer's final position shall be void and of no effect. The panel shall render its decision within ten days from the date that all arbitration proceedings have been concluded,

but in any event must issue its order by the last date the employer is required by statutes, charter, ordinance or resolution to submit its tax levy or budget or certify its taxes voted to the appropriate public officer, agency, public body or office, or by November 1, whichever date is earlier. The panel's order shall be for such period as the panel shall direct, except that orders determining contracts for teacher units shall be effective to the end of the contract period as determined by section 179.70, subdivision 1.

Subd. 8. Notwithstanding the provisions of subdivision 7, for employees of the executive branch of the state of Minnesota, the panel shall be restricted to selecting between the final offers on each impasse item submitted by the parties to the panel.

Sec. 71. Minnesota Statutes 1978, Section 179.74, Subdivision 4, is amended to read:

Subd. 4. The commissioner of personnel shall meet and negotiate with the exclusive representative of appropriate units in the manner prescribed by sections 179.61 to 179.77; provided, however, that the director of mediation services shall define appropriate units of state employees as all the employees under the same appointing authority except where professional, geographical or other considerations affecting employment relations clearly require appropriate units of some other composition. The positions and classes of positions in the classified and unclassified services defined as managerial by the commissioner of personnel in accordance with the provisions of section 43.326 and so designated in the official state compensation schedules, all unclassified positions in the state university system and the community college system defined as managerial by their respective boards, all positions in the bureau of mediation services, *all hearing examiners in the office of hearing examiners*, employees who work in the personnel offices of an appointing authority in the executive branch and who have access to information subject to use by the appointing authority in meeting and negotiating or who actively participate in the meeting and negotiating on behalf of *the state employees*, shall be excluded from any appropriate unit. Regardless of unit determination, the governor may upon the unanimous written request of exclusive representatives of units and appointing authorities direct that negotiations be conducted for one or more appointing authorities in a common proceeding.

Sec. 72. Minnesota Statutes 1978, Section 179.74, Subdivision 5, is amended to read:

Subd. 5. The commissioner of personnel is authorized to and may enter into agreements. The provisions of ~~said~~ *the negotiated agreements which establish wages and economic fringe benefits and arbitration awards* shall be submitted to the legislature to be accepted, or rejected or modified. A state employee whose exclusive representative, as defined by section 179.63, subdivision 6, has not executed an *reached a proposed agreement with the state covering wages and economic fringe benefits which has been submitted by the commissioner to the legislative commission on employee relations on or before May April 15 of each an odd num-*

bered year, shall not receive the wage and economic fringe benefit increases provided pursuant to an agreement executed and approved under this subdivision. *Disapproval by the legislative commission on employee relations pursuant to section 2 or failure of the legislature to approve an agreement with respect to wages and economic fringe benefits by the time of adjournment of the regular legislative session in an odd numbered year shall be a defense to a violation of section 179.64.*

Sec. 73. Minnesota Statutes 1978, Section 223.02, is amended to read:

223.02 [LICENSE; BOND.] No person shall sell, or receive, or solicit shipments of such commodities for sale, without first obtaining a license from the department of ~~public service~~ *agriculture* to carry on the business of a commission merchant, and filing with the department a corporate surety bond to the state for the benefit of such consignors, approved by the department, and conditioned for the faithful discharge of his duties as such commission merchant and full compliance with all the laws of the state and rules of the department relative thereto. If the license authorizes the sale of grain the bond shall not be for a less sum than \$25,000 for each separate municipality in which the commission merchant maintains an office for the conduct of such business. If the license only authorizes the sale of hay and straw the bond shall be not less than \$8,000. In either case the department may at any time require such an additional amount of bond as it may deem necessary to protect the consignors.

Sec. 74. Minnesota Statutes 1978, Section 229.01, Subdivision 2, is amended to read:

Subd. 2. [PUBLIC HAY TRACKS.] The department of ~~public service~~ *agriculture* shall designate at convenient places on the several lines of railway entering terminal points in this state, tracks to be known as public hay tracks. The different railway companies either separately or jointly are hereby required to provide suitable tracks to meet the requirements of this chapter. Such public hay tracks may be established on each individual line of railway, or they may be so established as to serve for two or more railways.

Sec. 75. Minnesota Statutes 1978, Section 229.07, is amended to read:

229.07 [WEIGHERS AND INSPECTORS; APPEALS; RE-INSPECTION AND FINAL REVIEW.] The department of ~~public service~~ *agriculture* shall appoint a suitable number of persons to perform such weighing and inspecting of hay and straw. Such weighers and inspectors shall be under the immediate supervision of the department. In case of dissatisfaction of any interested person with the official acts of any inspector, reinspection may be had upon application to the department. A final appeal from the decision of the department may be made to the board of final review, to be provided for by the department under the rules it shall establish. The decision of such board of review shall be final,

provided the department may provide suitable rules for the cancellation of any certificate of inspection issued upon original inspection, reinspection or upon final review when it appears that owing to the manner in which cars of hay or straw were loaded it was impossible for the inspector to obtain a fair sample.

Sec. 76. Minnesota Statutes 1978, Section 231.01, Subdivision 1, is amended to read:

231.01 [DEFINITIONS.] Subdivision 1. [DEPARTMENT.] The word "department," as used in this chapter, means the Minnesota state department of public service agriculture .

Sec. 77. Minnesota Statutes 1978, Section 231.01, Subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] The term "commissioner," as used in this chapter, means one of the members of the commission commissioner of agriculture .

Sec. 78. Minnesota Statutes 1978, Section 232.01, Subdivision 1, is amended to read:

232.01 [LOCAL GRAIN WAREHOUSES.] Subdivision 1. All elevators, flour, cereal and feed mills, malshouses or warehouses in which grain belonging to persons other than the warehouseman is received for storage, situate at any location other than Minneapolis, St. Paul or Duluth, shall be known as public local grain warehouses and shall be under the supervision and subject to the inspection of the department of public service agriculture. Provided, however, that nothing herein contained shall be construed as applying to public terminal warehouses as defined in section 233.01, subdivision 3.

Sec. 79. Minnesota Statutes 1978, Section 233.01, Subdivision 1, is amended to read:

233.01 [DEFINITIONS.] Subdivision 1. [DEPARTMENT.] Wherever the term "department" is used in this chapter it shall be construed to mean the department of public service agriculture of the state of Minnesota.

Sec. 80. Minnesota Statutes 1978, Section 233.03, is amended to read:

233.03 [DUTIES OF WAREHOUSEMEN.] Every warehouseman shall receive for storage and shipment as far as the capacity of his warehouse will permit, all grain in suitable condition for storage, tendered him in the usual course of business, without discrimination of any kind. All grain shall be inspected on receipt and stored with other grain of the same grade except as herein otherwise provided. At the time of the receipt of the grain, the warehouseman shall issue and deliver to the owner or consignee a warehouse receipt in the following form:

Warehouse Receipt No.....
..... Elevator Co.
....., Minn., 19.....

The Elevator Company has received in store in its elevator known as situated at Minnesota, for storage from owner, bushels of which has been duly inspected by a duly authorized inspector of grain appointed by the department of ~~public service~~ agriculture of Minnesota, or licensed by the Secretary of Agriculture of the United States, and has been graded by the inspector as No. and is that grade. This grain, or an equal amount of grain of the same kind and grade, is deliverable upon the return of this receipt properly endorsed by the owner above named and the payment of all lawful charges; in case of grain stored separately in a special bin, at the request of the owner or consignee, the identity of such grain will be preserved while in store and the grain will be delivered as such separate lot or parcel, in accordance with the law, upon surrender of the receipt. Loss by fire, heating or the elements is at the owner's risk.

Countersigned by

..... Secretary

The Elevator Company conducts this elevator as a public terminal warehouse and receives and stores therein grain of others for hire. bushels grade.

By

STUB RECORD

Initial Car No. Bushels

Receipt No. 19.....

Received in store from

Bushels. Lbs. Grade.

Car No.	Bushels	Car No.	Bushels
---------	---------	---------	---------

The receipts shall be consecutively numbered and delivered to the owner immediately upon receipt of each lot or parcel of grain, giving the true and correct grade and weight thereof. The manner of receipt of such grain shall be stated in the receipt, and with the number and distinctive mark of each car, and the name of each barge or other vessel. The failure to issue such receipt as directed or the issuance of any warehouse receipt differing in form or language from that prescribed shall be a misdemeanor; provided that such warehouse receipt at the request of the owner or consignee, may provide for delivery of the grain represented thereby

to the depositor, or any other specified person, and may have printed or stamped there the words "non-negotiable."

Sec. 81. Minnesota Statutes 1978, Section 234.02, is amended to read:

234.02 [CONSTRUCTION OF TERMS.] As used in this chapter, unless the context clearly evidences a contrary intention, the following terms shall be construed respectively:

(1) Any local supervisory board of individual producers appointed by the department of ~~public service~~ *agriculture* under the provisions of this chapter;

(2) Any person whose duty it shall be under the provisions of this chapter to inspect, measure, and seal any granary, crib, bin, or other receptacle for the storage of grain;

(3) Any certificate or receipt evidencing the storage of grain under the provisions of this chapter and any rules or regulations promulgated thereunder shall be considered to be used herein in the same connection as the words "document of title," as defined in the uniform commercial code, section 336.1-201 (15);

(4) Any person or persons (whether individuals, corporations, partners or copartners) who shall have title to and possession of any grain stored under the provisions of this chapter shall be construed to have been used herein in the same connection as the word "warehouseman," as defined in the uniform commercial code, section 336.7-102(1) (h).

Sec. 82. Minnesota Statutes 1978, Section 234.10, is amended to read:

234.10 [SEALS.] Seals employed hereunder shall be furnished by the department and shall contain the following language:

"Sealed by authority State of Minnesota, Department of ~~Public Service~~ *Agriculture*.

Any person tampering with this seal or removing any grain herein shall be subject to a fine and imprisonment as provided by law.

Consecutive No....."

Sec. 83. Minnesota Statutes 1978, Section 235.01, is amended to read:

235.01 [SUPERVISION OVER GRAIN.] The department of ~~public service~~ *agriculture* shall exercise general supervision over the grain interests of the state and of buying, selling, handling, and storage of grain, and of the management of public warehouses and public grain markets, including chambers of commerce, boards of trade, and grain exchanges; investigate, on complaint or upon its own motion, all cases of fraud and injustice in the grain trade, unfair practices, or unfair discrimination in the buying or selling of grain; have the power to compel the discontinuance of such unfair practices or unfair discrimination; and make all proper rules and

regulations for carrying out and enforcing the provisions of all laws of the state relating to such subjects.

Sec. 84. Minnesota Statutes 1978, Section 236.01, Subdivision 5, is amended to read:

Subd. 5. "Department" means the Minnesota department of public service agriculture.

Sec. 85. Minnesota Statutes 1978, Section 299D.03, Subdivision 2, is amended to read:

Subd. 2. [SALARIES.] (1) Each employee other than the chief supervisor, lieutenant colonel, majors, captains, corporals and sergeants hereinafter designated shall be known as patrol troopers.

(2) There may be appointed one lieutenant colonel; and such majors, captains, corporals, sergeants and troopers as the commissioner deems necessary to carry out the duties and functions of the highway patrol. Persons in above named positions shall be appointed by law and have such duties as the commissioner may direct and, except for troopers, shall be selected from the patrol troopers, corporals, sergeants, captains, and majors who shall have had at least five years' experience as either patrol troopers, corporals, sergeants, or supervisors.

(3) Commencing July 6, 1977 July 4, 1979, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

		TOTAL YEARS OF SERVICE				
		Base Salary	6 Months	1 Year	2 Years	3 Years
Trooper		\$1075	1117	1163	1200	1257
		\$1157	1199	1295	1343	1404
Trooper	4 thru 6 Years	\$1308	1350		1413	1470
	7 thru 11 Years	\$1474	1528		1585	1646
Trooper I	5 thru 11 Years	\$1350		1413		1470
		\$1528		1585		1646
Corporal				10 thru 20 Years		After 20 Years
				\$1438		1495
				\$1610		1670
Staff Sergeant	7	\$1442				
	8	1471				
	9	1500				
	10	1531				
	11	1561				
	12 thru 20	1590				
	After 20	1648				
		\$1616	1646	1677	1710	1742
					1773	1834

TIME IN RANK

	Base Salary	1 Year	2 Years	After 12 Years total Service	After 20 Years total Service
Captain	\$1720	1778	1835	1892	1945
	\$1911	1971	2032	2091	2149
Major	1970	2035		2093	2150
	2194	2245		2305	2366
Lt. Col.	2170	2236		2294	2350

Commencing July 2, 1980, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

TOTAL YEARS OF SERVICE

	Base Salary	6 Months	1 Year	2 Years	3 Years		
Trooper	\$1227	1270	1373	1423	1488		
	4 thru 6 Years	7 thru 11 Years	12 thru 20 Years	After 20 Years			
Trooper	\$1563	1620	1681	1745			
	5 thru 11 Years	12 thru 20 Years		After 20 Years			
Trooper I	\$1620	1681		1745			
	10 thru 20 Years			After 20 Years			
Corporal	\$1707			1771			
Staff Sergeant	Years						
	7	8	9	10	11	12 thru 20	After 20
	\$1714	1745	1778	1813	1846	1879	1944

TIME IN RANK

	Base Salary	1 Year	2 Years	After 12 Years Total Service	After 20 Years Total Service
Captain	\$2025	2090	2154	2217	2278
Major	\$2314	2379		2445	2509

Employees designated as station sergeants shall receive an additional three percent above the current rate rounded to the nearest dollar for the duration of the appointment. Employees permanently assigned exclusively to Twin City metropolitan freeway duty shall be designated freeway troopers and shall be compensated \$25 per month above their current salary when so assigned. Salary increases in accordance with the above schedule shall become effective for the payroll period nearest the employee's anniversary date of employment.

In addition to the rates of pay provided above, all employees compensated according to the above salary table shall be paid a

cost of living allowance to be determined and redetermined in the following manner:

For each full four tenths point increase in the consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, Minnesota (new series index 1967-100) as published for the months January, 1977, and October, 1977, by the Bureau of Labor Statistics of the United States Department of Labor all hourly rates of pay shall be increased by one cent per hour. The increase, if any, in salaries generated by this formula shall become effective January 4, 1978, and shall continue in effect until July 5, 1978. A redetermination of the cost of living allowance shall be made for April, 1978. For each full four-tenths point increase in the consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, (new series index 1967-100) as published for the months of January, 1977, and April, 1978, by the Bureau of Labor Statistics, all hourly rates of pay shall be increased by one cent per hour. The increase, if any, in salaries generated by this redetermination shall be effective July 5, 1978. For the purpose of this clause, the term "hourly rate of pay" means the monthly salary of a rank set forth herein divided by 174.

During periods when such cost of living allowance is in effect, it shall be added to the applicable monthly rates of pay for highway patrol trooper, corporal, sergeant, captain, major and lieutenant colonel, and treated as a part thereof in all calculations involving employees' pay. Cost of living adjustments are not cumulative and allowances paid under an earlier determination shall cease when a redetermination takes effect.

The commissioner of finance shall transfer to the department of public safety the necessary amount to finance the increased cost of the cost of living provisions of this clause. This amount is appropriated from the trunk highway fund to the department of public safety for this purpose.

(4) Upon promotion, the person will be paid at the base salary rate of pay in effect for that rank, and shall subsequently be eligible for the time in rank increases calculated from the effective date of promotion.

(5) Any time in rank increases in salary provided for in the tables in clause (3), shall be effective for the payroll period nearest the employee's anniversary date of employment.

The salary rates for all highway patrol troopers, corporals and sergeants as cited in clause (3) shall be deemed to include reimbursement for shift differential, meal and business expenses incurred by highway patrol troopers, corporals and sergeants in the performance of their assigned duties in their patrol areas; business expenses include, but are not limited to: uniform costs, home garaging of squad cars and maintenance of home office.

Sec. 86. Minnesota Statutes 1978, Section 229D.03, Subdivision 3, is amended to read:

Subd. 3. [AIR PATROL; SALARY ADJUSTMENT.] The commissioner of public safety shall increase the salary of any member of the Minnesota highway patrol in an amount not to exceed \$140 per month for operation of fixed wing aircraft and \$175 per month for operation of helicopter during the period in which such member of the patrol is assigned air patrol duty. The commissioner of public safety may appoint, from among the members of the patrol assigned to air patrol duty, a chief pilot who shall receive \$125 per month in addition to the air patrol duty salary differential permitted by this subdivision, *be compensated at the same rate of pay as a captain during the period of his assignment as chief pilot.*

Sec. 87. Minnesota Statutes 1978, Section 299D.03, Subdivision 9, is amended to read:

Subd. 9. [CHARGES AGAINST PATROLMEN.] (a) Charges against any state highway patrolman shall be made in writing and signed and sworn to by the person making the same, which written charges shall be filed with the commissioner. Upon the filing of same, if the commissioner shall be of the opinion that such charges constitute a ground for suspension, demotion, or discharge, he shall order a hearing to be had thereon and fix a time for such hearing and may designate a subordinate as his deputy to conduct such hearing. Otherwise he shall dismiss the charges. At least ten days before the time appointed for the hearing, written notice specifying the charges filed and stating the name of the person making the charges, shall be served on the employee personally or by leaving a copy thereof at his usual place of abode with some person of suitable age and discretion then residing therein. If the commissioner orders a hearing he may suspend such employee pending his decision to be made after such hearing.

(b) The exclusive representative of Members of the state highway patrol shall have the option of utilizing either the contractual grievance procedure or the legal remedies of this section, but in no event both. *Notwithstanding the above, any employee may utilize the provisions of subdivisions 10 and 11.*

(c) The commissioner, after having been informed by the exclusive representative that the employee against whom charges have been filed desires to utilize the grievance procedure of the labor agreement, may immediately suspend, demote or discharge the employee without the hearing required by clause (a).

Sec. 88. Minnesota Statutes 1978, Section 355.12, is amended to read:

355.12 [AGREEMENTS.] The state agency, with the approval of the governor, is hereby authorized to enter into an agreement with the secretary of health, education, and welfare, or to modify any such agreement previously made to obtain the benefits of the federal old age survivors insurance system in respect to services performed by employees of any employing unit.

Sec. 89. Minnesota Statutes 1978, Section 355.17, is amended to read:

355.17 [MODIFICATION OF AGREEMENT, RETROACTIVE EFFECT.] Employing units may individually determine whether they desire inclusion in the state social security agreement, and each employing unit desiring such inclusion shall so indicate by submitting a formal resolution to the state agency, including therein the desired starting date for social security coverage. The state agency, ~~with the approval of the governor,~~ may modify the agreement between the state and the secretary of health, education and welfare with respect to employees of any such employing unit, separately, so as to provide social security coverage therefor retroactive to any date subsequent to December 31, 1955.

Sec. 90. Minnesota Statutes 1978, Section 355.207, is amended to read:

355.207 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.206, the state agency, ~~with the approval of the governor,~~ shall be authorized after June 30, 1978, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to teachers. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 91. Minnesota Statutes 1978, Section 355.23, Subdivision 3, is amended to read:

Subd. 3. Upon such certification, the state agency, ~~with the approval of the governor,~~ shall become authorized to modify the agreement with the secretary of health, education and welfare, previously made as provided in the enabling act, to obtain the benefits of the federal old age and survivors insurance system in respect to services performed by teachers as defined in sections 355.21 to 355.27. Such modification may take effect retroactively to January 1 of the year in which the modification of the agreement is accepted by the secretary of health, education and welfare, and apply to all such services performed after the effective date by teachers who are such on the date the modification is entered into or thereafter, excepting any service of an emergency nature, any service performed by a student, and all services in any class or classes of part-time positions, or positions the compensation for which is on a fee basis.

Sec. 92. Minnesota Statutes 1978, Section 355.286, is amended to read:

355.286 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.285, the state agency, ~~with the approval of the governor,~~ shall be authorized after June 30, 1978, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to teachers. The agreement or modification shall contain such terms and provisions authorized by the

social security act and the enabling act as the state agency finds proper.

Sec. 93. Minnesota Statutes 1978, Section 355.295, is amended to read:

355.295 [STATE-FEDERAL AGREEMENT.] Upon such certification as provided herein the state agency or individual so designated with the approval of the governor shall be authorized to enter into an agreement with the secretary of health, education and welfare or modify any such agreement previously made with respect to the employment by public employees. The agreement or modification authorized hereunder shall take effect retroactively and apply to all employment performed after the last day of the fifth calendar year preceding the year in which the agreement or modification is entered into by the employees who are such on the effective date of the agreement or modification. The agreement or modification shall further include within its application, effective with the date of entry into service as public employees, all employment of such public employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the effective date thereof.

The agreement shall not include employment of any public employee who performs service in (a) any position the compensation for which is on a fee basis, (b) any position performing services which, under the social security act, may not be included in any agreement between the state and secretary of health, education and welfare, (c) any position which is an elective office of the state, and (d) any position in a public hospital for which employees are provided coverage under the old age, survivors, and disability insurance provisions of Title II of the Federal Social Security Act under another provision of law. This section applies only to hospitals in existence prior to July 1, 1971.

Sec. 94. Minnesota Statutes 1978, Section 355.308, is amended to read:

355.308 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.307, the state agency ; with the approval of the governor, shall be authorized after June 30, 1978, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to municipal employees. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 95. Minnesota Statutes 1978, Section 355.45, is amended to read:

355.45 [STATE AGENCY TO MAKE AGREEMENT WITH SECRETARY OF HEALTH, EDUCATION AND WELFARE.] Upon such certification the state agency, with the approval of the governor, shall be authorized to enter into an agreement with the secretary of health, education and welfare, or modify any such agreement previously made with respect to employment by state

employees, public employees, and educational employees. The agreement or modifications shall take effect retroactively and apply to all such employment performed after December 31, 1955, by the employees who are such on that date, and shall include within its application effective with the date of entry into state, public or educational service, all employment by such employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the approval date thereof.

Sec. 96. Minnesota Statutes 1978, Section 355.60, is amended to read:

355.60 [AGREEMENTS WITH FEDERAL AGENCY.] Upon such certification the state agency, ~~with the approval of the governor,~~ shall be authorized to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to employment by educational employees. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 97. Minnesota Statutes 1978, Section 355.76, is amended to read:

355.76 [STATE-FEDERAL AGREEMENT.] Upon such certification the state agency ~~or individual so designated, with the approval of the governor,~~ shall be authorized to enter into an agreement with the secretary of health, education, and welfare or modify any such agreement previously made with respect to the employment by state employees, public employees, and educational employees. The agreement or modification authorized hereunder shall take effect retroactively and apply to all employment performed after December 31 of the year prior to the date of the agreement or modification, by the employees who are such on that date and shall include within its application, effective with the date of entry into service as a hospital employee, all employment by such hospital employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the approval date thereof. The agreement under sections 355.71 to 355.81 shall not apply to services in positions the compensation for which is on a fee basis.

Sec. 98. Minnesota Statutes 1978, Section 645.44, Subdivision 5, is amended to read:

Subd. 5. **[HOLIDAYS.]** "Holiday" includes New Year's Day, January 1; Washington's and Lincoln's Birthday, the third Monday in February; Memorial Day, the last Monday in May; Independence Day, July 4; Labor Day, the first Monday in September; Christopher Columbus Day, the second Monday in October; Veterans Day, November 11; Thanksgiving Day, the fourth Thursday in November; and Christmas Day, December 25; provided, when New Year's Day, January 1; or Independence Day, July 4; or Veterans Day, November 11; or Christmas Day, December 25; falls on Sunday, the following day shall be a holiday and, provided, when New Year's Day, January 1; or Independence Day, July 4;

or Veterans Day, November 11; or Christmas Day, December 25; falls on Saturday, the preceding day shall be a holiday. No public business shall be transacted on any holiday, except in cases of necessity and except in cases of public business transacted by the legislature, nor shall any civil process be served thereon. However, for the executive branch of the state of Minnesota, "holiday" also includes the Friday after Thanksgiving but does not include Christopher Columbus Day. Other branches of state government and political subdivisions shall have the option of determining whether Christopher Columbus Day and the Friday after Thanksgiving shall be holidays. Where it is determined that Columbus Day or the Friday after Thanksgiving is not a holiday, public business may be conducted thereon.

Any agreement between a public employer and an employee organization citing Veterans Day as the fourth Monday in October shall be amended to cite Veterans Day as November 11.

Sec. 99. Employees who are represented by the international union of operating engineers, local No. 49, and who are employed by the department of transportation and assigned to the central office and districts 5 and 9, shall, in addition to the salaries provided by Minnesota Statutes, Section 43.12, receive a supplemental adjustment of 12 cents per hour.

Sec. 100. The one percent differential established by Laws 1977, Chapter 452, Section 30, for the classes crime laboratory analyst 1, 2, and 3 and identification officer shall continue in effect for the period July 4, 1979, to July 1, 1981.

Notwithstanding Minnesota Statutes, Section 43.12, Subdivision 14, effective July 2, 1980, one additional step shall be added to the salary ranges for the classes crime laboratory analyst 2 and 3 and identification officer. An employee assigned to one of those classes shall be advanced in pay from his rate of pay immediately preceding that date to the next step within the salary range for his classification. The salary increases provided by this section are in addition to the salaries provided by Minnesota Statutes, Section 43.12.

Sec. 101. In lieu of a birthday holiday, employees in the classes crime investigator 1 and 2, crime laboratory analyst 1, 2, and 3, assistant identification officer and identification officer, and employees represented by the Minnesota government engineers council shall receive a one time lump sum payment in an amount equal to the employee's regular hourly rate of pay on July 4, 1979 times 16 hours.

Sec. 102. The commissioner of public safety is authorized to reimburse employees covered by the agreement with the bureau of criminal apprehension association of forensic scientists up to a maximum of \$100 a year for professional dues for job related organizations.

Sec. 103. Employees who are represented by the Minnesota teamsters public and law enforcement employees union, local No. 320, and who are employed by the department of administration,

or by the department of public safety in the classes security guard, law compliance representative 1, or liquor control investigator specialist and headquartered in the Minneapolis-St. Paul metropolitan area, Rochester and Duluth, or by the state board for community colleges in the classes general maintenance worker or general repair worker and assigned to Anoka-Ramsey, Inver Hills, Lakewood, Metropolitan, Normandale or North Hennepin community college shall receive, in addition to the salaries provided by, Minnesota Statutes, Section 43.12, a supplemental travel allowance of \$20 per month. The commissioner of personnel may extend the supplemental travel allowance of \$20 per month to employees who are employed by the department of transportation in the class right-of-way agent and assigned to the central office and districts 1a, 5, 6a and 9.

Sec. 104. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of public safety, bureau of criminal apprehension, who are represented by the bureau of criminal apprehension agents association shall receive the following salary increases:

(1) Effective July 4, 1979, the salary rates and ranges for the classes crime investigators 1 and 2 shall be increased 5.3 percent over the salary rates and ranges in effect on July 3, 1979.

(2) Effective July 2, 1980, the salary rates and ranges for the classes crime investigator 1 and 2 shall be increased 3.8 percent over the salary rates and ranges in effect on July 1, 1980.

Sec. 105. In lieu of the salaries and cost of living adjustments provided by Minnesota Statutes, Section 43.12, Subdivisions 2, 3, and 10, employees of the departments of corrections and public welfare who are represented by the professional employee pharmacists of Minnesota shall receive the following salary increases:

(1) Effective July 4, 1979, the salary rates and ranges for the classes hospital pharmacist and hospital pharmacist senior shall be increased by 6.5 percent over the salary rates and ranges in effect on July 3, 1979.

(2) Effective July 2, 1980, the salary rates and ranges for the classes hospital pharmacist and hospital pharmacist senior shall be increased by 5 percent over the salary rates and ranges in effect on July 1, 1980.

Sec. 106. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of transportation who are represented by the middle management association shall receive the following salary increases:

(1) Effective July 4, 1979, the salary rates and ranges for covered employees shall be increased by 1.3 percent over the salary rates and ranges in effect on July 7, 1977.

(2) Effective July 2, 1980, the salary rates and ranges for covered employees shall be increased 4.4 percent over the salary rates and ranges in effect on July 1, 1980.

Sec. 107. *Notwithstanding the provisions of Minnesota Statutes, Section 43.50, for employees of the department of transportation who are represented by the middle management association, the department of transportation shall pay the full cost of dependent hospital-medical insurance coverage up to \$60 per month or the cost of the Blue Cross/Blue Shield premium attributable to dependent coverage, whichever is greater.*

Sec. 108. *In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of natural resources who are represented by the Minnesota conservation officers association shall receive the following salary increases:*

(1) Effective July 4, 1979, the salary rates and ranges for the classes natural resources specialist (conservation officer) 1, 2, 3, and 4 shall be increased 13 percent over the salary rates and ranges in effect on July 7, 1977.

(2) Effective July 2, 1980, the salary rates and ranges for the classes natural resources specialist (conservation officer) 1, 2, 3, and 4 shall be increased 4.4 percent over the rates and ranges in effect on July 1, 1980.

(3) In addition to the adjustments made by paragraphs (1) and (2), each covered employee shall receive an increase of seven cents per hour in lieu of a birthday holiday. The seven cents per hour shall not be included in the wage rate base for purposes of determining the 4.4 percent increase effective July 2, 1980.

(4) Vehicles purchased by the state for the official use of conservation officers shall be equipped pursuant to the terms of the agreement. Officers shall be supplied with flak jackets pursuant to the terms of the agreement.

Sec. 109. *In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, effective July 4, 1979, employees of the department of public welfare who are represented by the Minnesota nurses association shall receive the following salary increases:*

(1) Covered employees who were paid at a rate of \$1,014 or \$1,051 per month on July 3, 1979 shall be paid at a rate of \$1,133 per month.

(2) The salary rates and ranges for all other covered employees shall be increased by six percent over the salary rates and ranges in effect on July 3, 1979.

In lieu of a birthday holiday covered employees shall receive one floating holiday per year.

Sec. 110. *Employees who are represented by the Minnesota government engineers council and who are employed by the department of transportation in the classes radio engineer 1, principal highway technician and principal engineer aide shall receive, in addition to the salaries provided by Minnesota Statutes, Section 43.12, a one time lump sum payment of \$438.*

Sec. 111. *Notwithstanding the provisions of Minnesota Statutes, Section 43.12, Subdivision 17, the severance pay provisions of the collective bargaining agreements with the Minnesota community college faculty association, the IFO/MEA, the Minnesota State University Association of Administrative and Service Faculty/Teamsters, the Minnesota highway patrol officers association and the Minnesota highway patrol supervisors association are approved.*

Sec. 112. *The commissioner of transportation is authorized to reimburse employees covered by the agreement with the Minnesota government engineers council up to a maximum of \$50 a year for professional dues for job related organizations.*

Sec. 113. *Effective July 2, 1980, employees of the departments of welfare and corrections who are represented by the association of institutional dentists shall receive, in addition to the salaries provided by Minnesota Statutes, Section 43.12, a 35 cent per hour differential.*

Sec. 114. *Employees of the department of corrections who are represented by the Minnesota teamsters public and law enforcement employees, local No. 320, shall receive, in addition to the salaries and differentials provided by Minnesota Statutes, Section 43.12, the following salary adjustments:*

(1) *Employees in the classes correctional counselor 1, 2 and 3, shall receive a 6 cent per hour differential.*

(2) *Employees in the classes electrician, painter and plant maintenance engineer shall receive a 10 cent per hour differential.*

(3) *Effective July 2, 1980, the hourly rate of pay for employees in the classes delivery van driver and janitor, senior shall be increased by 2½ percent, rounded to the nearest cent.*

(4) *These employees shall receive the same bonus as that provided for in section 115.*

Sec. 115. *Any employee except an emergency, project or temporary employee who is represented by the American federation of state, county and municipal employees, Council No. 6, AFL-CIO, shall receive:*

(1) *a lump sum bonus of \$225 payable no later than July 31, 1979, provided he was employed prior to January 1, 1979 and was continuously employed through July 1, 1979.*

(2) *a lump sum bonus of \$225 payable no later than July 31, 1980, provided he was employed prior to January 1, 1980 and was continuously employed through July 1, 1980. However, intermittent employees and nontenured laborers who otherwise meet the employment requirements of this section shall only be eligible to receive the bonus after completion of 100 working days in any 12 month period. Part time employees who meet the employment requirements of this section shall receive a bonus of \$137.50 on each of the dates specified in this section.*

The bonus provided by this section shall not be considered as salary for the purposes of section 352.01, subdivision 13.

Sec. 116. The commissioner is authorized to establish a procedure for paying eligible employees, under the holiday pay provisions of the personnel rules or as required by a collective bargaining agreement, whichever is applicable, for a birthday holiday.

Sec. 117. Notwithstanding the provisions of section 179.74, subdivision 5, a state employee whose exclusive representative, as defined by section 179.63, subdivision 6, was unable to enter into an agreement with the state covering wages and economic fringe benefits on or before May 15, 1979, as a result of an order to cease and desist bargaining issued by the director of mediation services, shall receive the applicable wage and economic fringe benefit increases provided by this act.

Sec. 118. The duties, personnel complement of six persons, and appropriation involved in discharging the duties of the department of public service under Minnesota Statutes, Chapters 223, 229, 231, 232, 233, 234, 235, and 236 are transferred to the department of agriculture as of July 1, 1979. Nothing herein shall be construed as abrogating or modifying any rights now enjoyed by affected employees under the terms of an agreement between an exclusive representative of public employees and the state or one of its appointing authorities.

Sec. 119. [PERSONNEL SYSTEM STUDY; APPROPRIATION.] There is appropriated to the legislative commission on employee relations the sum of \$100,000 for the period ending July 1, 1981, to be used for a study of the state personnel system. A primary focus of the study will be the interrelationship of the civil service system with the public employment labor relations act, as that act applies to state employees. The goal of the study will be the preparation of a report for the legislature containing alternative recommendations by which improvements could be made in applicable laws, rules, structures and procedures. Specific areas to be studied include, but are not necessarily limited to, bargaining procedures, compensation, classification, work force size and turnover, and personnel administration. In performing this study, attention shall be given to methods for preserving and strengthening the role for collective bargaining in the system. Consideration shall also be given to past reports and studies dealing with the state's personnel system and to innovative improvements made in civil service systems by the federal government and other states. The study shall also examine state laws with respect to local civil service systems and local public employee labor negotiations.

The commission shall study and report to the legislature, on or before November 15, 1980, as to its recommendations, including proposed legislation, with respect to (1) merit pay system, progression, and cost of living adjustments for state employees and (2) a mechanism for transferring the duty to negotiate with state employees on behalf of the state from the department of person-

nel to an independent office of state employee contract negotiations.

To the extent practicable, use shall be made of existing legislative staff and other resources. In the performance of this study, there shall be frequent consultation with persons and groups involved with or directly affected by the state civil service system. The heads of state agencies shall give their full cooperation in the performance of this study.

The final report of the study, together with any proposed statutory amendments, shall be submitted to the commission no later than November 15, 1980. Any recommendations of the study which will substantially affect the collective bargaining process leading to the 1981-1982 biennium shall be submitted no later than December 1, 1979.

Sec. 120. [REPEALER.] Effective July 1, 1981, Minnesota Statutes 1978, Sections 43.03; 43.06; 43.062; 43.063; 43.064; 43.065; 43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12; 43.121; 43.122; 43.126; 43.127; 43.128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.245; 43.321; 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 43.44; 43.45; 43.46; 43.48; 43.49; 43.50; and 43.51 are repealed. Section 73 of this act and section 179.72, subdivision 8, expire on July 1, 1981. Minnesota Statutes 1978, Section 179.72, Subdivision 1a, is repealed effective July 1, 1980.

Sec. 121. [APPROPRIATION.] Subdivision 1. There is appropriated to the legislative commission on employee relations the sum of \$100,000 for the period ending July 1, 1981, to be used for its general operating purposes:

Subd. 2. There is appropriated to the public employee relations board the sum of \$200,000 for the fiscal year beginning July 1, 1980.

Sec. 122. [EFFECTIVE DATE.] The effective dates for Article I are as follows: sections 2, 4, 8, 42, 47, 49, 56, 59, 60, 63, 64, 71 and 119 are effective upon final enactment. Sections 9, 61, 62, 65, 66, 68, 69, 70, and 72 are effective July 1, 1980. Sections 3, 5, 6 and 7 are effective July 1, 1981. The remaining provisions of Article I are effective July 1, 1979. The changed jurisdiction of the board over unfair labor practices shall commence on July 1, 1980 and shall extend to all actions occurring on or after that date. The terms of all members of the board on the effective date of this act shall expire on July 1, 1980 and the terms of the new members appointed under section 70 shall commence on July 1, 1980. The salaries set forth in section 15A.081, subdivision 1 for members of the board shall not apply until July 1, 1980. The provisions of section 49 shall apply to all disciplinary actions taken on or after the effective date of section 31. The provisions of sections 99 to 117 shall expire on July 1, 1981. The provisions of section 137.02, subdivision 4, shall not apply to sections 99 to 117.

ARTICLE II

Section 1. Minnesota Statutes 1978, Section 15A.081, is amended to read:

15A.081 [SALARIES AND SALARY RANGES FOR CERTAIN EMPLOYEES.] Subdivision 1. The following salaries or salary ranges are provided for the below listed employees in the executive branch of government:

	Base Salary or Range		
	Effective	Effective	
	July 1,	July 1,	
	1979	1980	
Administration, department of commissioner	\$41,000	\$44,000	\$47,000
Agriculture, department of commissioner	36,000	38,500	41,000
Attorney general, office of deputy attorney general	23,000-42,000		
Commerce, department of commissioner of banks	32,000	34,000	36,500
commissioner of insurance	32,000	34,000	36,500
commissioner of securities	32,000	34,000	36,500
director of consumer services		28,000	30,000
executive secretary commerce commission	27,000		
Community college system chancellor	41,000	44,000	47,000
Corrections, department of commissioner	36,000	38,500	41,000
ombudsman	32,000	34,000	36,500
Crime prevention and control planning board, governor's commission on executive director	32,000	34,000	36,500
Economic development, department of commissioner	32,000	34,000	36,500
Economic security, department of commissioner	41,000	44,000	47,000

	Base Salary or Range		
	<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>	
	\$	\$	\$
Education, department of commissioner	41,000	44,000	47,000
Energy agency director	36,000	38,500	41,000
Finance, department of commissioner	45,000	48,000	51,500
Health, department of commissioner	41,000	44,000	47,500
Hearing examiners office chief hearing examiner	36,000	38,500	41,000
Higher education coordinating board executive director	36,000	38,500	41,000
Housing finance agency executive director	36,000	38,500	41,000
Human rights, department of commissioner	29,000	31,000	33,000
Indian affairs board executive director	25,000	27,000	28,500
Investment, board of executive secretary	41,000	44,000	47,000
Iron range resources and rehabilitation board commission	29,000	31,000	33,000
Labor and industry, department of commissioner	36,000	38,500	41,000
judge of the workers' compensation court of appeals	36,000	38,500	41,000
<i>Mediation services, bureau of director, mediation services</i>	29,000	31,000	33,000
Natural resources, department of commissioner	41,000	44,000	47,000
Personnel, department of commissioner	41,000	44,000	47,000
Planning agency director	41,000	44,000	47,000
Pollution control agency director	36,000	38,500	41,000

	Base Salary or Range		
	Effective July 1, 1979	Effective July 1, 1980	
	\$	\$	\$
<i>Public employment relations board</i>			
<i>chairman</i>			33,000
<i>member</i>			33,000
Public safety, department of commissioner	36,000	38,500	41,000
Public service, department of commissioner, public service commission	32,000	34,000	36,500
director	32,000	34,000	36,500
Public welfare, department of commissioner	41,000	44,000	47,000
Revenue, department of commissioner	41,000	44,000	47,000
State university system chancellor	41,000	44,000	47,000
Transportation, department of commissioner	41,000	44,000	47,000
Veterans affairs, department of commissioner	29,000	31,000	33,000

Subd. 5. A deputy of a position listed in subdivision 1, other than the attorney general, shall be paid a base salary equal to 90 percent of the salary of the head of that department or agency as listed in subdivision 1.

Subd. 6. The following salaries are provided for the constitutional officers of the state:

	Effective July 1, 1979	Effective July 1, 1980	
Governor	\$58,000	\$62,000	\$66,500
Attorney general	49,000	52,500	56,000
Lieutenant governor	36,000	38,500	41,000
Auditor	30,000	38,500	41,000
Secretary of state	30,000	38,500	41,000
Treasurer	30,000	38,500	41,000

The salaries of the *chief deputy attorney general*, deputy auditor, deputy secretary of state and deputy treasurer shall be 90 percent of the salaries of their respective superior constitutional officers. The deputies shall be eligible for achievement awards as provided in section 43.069.

Subd. 7. The following salaries are provided for officers of metropolitan agencies:

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
Chairman, metropolitan council	\$39,000		
<i>(part-time)</i>		\$21,000	\$22,500
<i>(full-time)</i>		42,000	44,500
Chairman, metropolitan airports commission	10,000	10,500	11,500
Chairman, metropolitan transit commission	33,500		
<i>(part-time)</i>		18,000	19,000
<i>(full-time)</i>		36,000	38,000
Chairman, metropolitan waste control commission	15,000	16,000	17,000

Fringe benefits for unclassified employees of the metropolitan waste control commission shall not exceed those fringe benefits received by unclassified employees of the metropolitan council.

Sec. 2. Minnesota Statutes 1978, Section 15A.083, Subdivision 1, is amended to read:

15A.083. [SALARIES FOR POSITIONS IN THE JUDICIAL BRANCH.] Subdivision 1. [ELECTIVE JUDICIAL OFFICERS.] The following salaries shall be paid annually to the enumerated elective judicial officers of the state:

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
(1) Chief justice of the supreme court	\$52,000	\$56,000	\$59,000
(2) Associate justice of the supreme court	49,000	52,500	56,000
(3) District judge, judge of county court (learned in the law), probate court, and county municipal court	42,000	45,000	48,000
(4) Judge of a county court (not learned in the law)	27,000	29,500	31,500

Sec. 3. Minnesota Statutes 1978, Section 15A.083, Subdivision 2, is amended to read:

Subd. 2. [COUNTY COURT AND COUNTY MUNICIPAL JUDGES.] (1) Notwithstanding any other law to the contrary, the salary paid to a judge of a county court shall also be paid to

judges of the probate court of St. Louis county and to judges of the Duluth municipal court.

(2) Judges of the county municipal courts, and county courts in the counties of Hennepin, Ramsey, Washington, Anoka, Scott, St. Louis, Carver and Dakota . . . ~~42,000~~ shall receive a salary of \$45,000, effective July 1, 1979, and \$48,000, effective July 1, 1980.

(3) If any judge enumerated in this subdivision dies while in office, the amount of his salary remaining unpaid for the month in which his death occurs, shall be paid to his estate.

Sec. 4. Minnesota Statutes 1978, Section 15A.083, Subdivision 4, is amended to read:

Subd. 4. [RANGES FOR OTHER JUDICIAL POSITIONS.] Salaries or salary ranges are provided for the following positions in the judicial branch of government. The appointing authority of positions any position for which ranges have a salary range has been provided shall fix the individual salaries under the provisions of section 15A.081, subdivision 2 salary within the prescribed range, considering the qualifications and overall performance of the employee. Appointments to fill vacancies shall not be made above the midpoint of the salary range prescribed for the position unless the personnel board has been consulted in advance and its approval obtained. Any salary increase that would adjust an employee's rate of pay beyond the midpoint of the range prescribed for the position must be approved in advance by the personnel board.

		Salary or Range	
		Effective July 1, 1979	Effective July 1, 1980
Public defender	\$35,000	\$37,500	\$40,000
District administrator	25,000-35,000	27,000-37,500	28,500-40,000
County attorneys council executive director	20,400-20,700	22,000-32,000	23,500-34,000
Board on judicial standards executive director		36,000	38,000
State court administrator		44,500	47,000

Sec. 5. Minnesota Statutes 1978, Section 43.067, Subdivision 4, is amended to read:

Subd. 4. [LIMIT ON POLITICAL SUBDIVISION SALARIES.] Notwithstanding any other law to the contrary, no salary of a person employed by a city, county, town, school

district, metropolitan or regional agency, or other political subdivision of the state may exceed 110 percent of the highest salary of the commissioner of finance plus the maximum permissible achievement award under section 43.069 listed in section 15A.081, subdivision 1.

Sec. 6. Minnesota Statutes 1978, Section 43.126, Subdivision 1, is amended to read:

43.126 [SPECIAL RATES OF PAY.] Subdivision 1. Notwithstanding the provisions of sections 43.12 and 43.121 to 43.123, the following salary ranges are established with annual salaries as shown:

Range A	\$20,000 \$32,000	to	\$40,500 \$45,000
Range B	\$35,500 \$37,000	to	\$48,000 \$54,000
Range C	\$48,000 \$42,000	to	\$57,500 \$67,500

Sec. 7. [TEMPORARY PROVISION.] *No incumbent whose salary is prescribed in section 15A.083 shall suffer a decrease in salary as a result of this act. If the midpoint of the salary range prescribed by section 15A.083 is less than the salary the incumbent is earning on the day prior to the effective date of this act, the incumbent shall continue to receive that salary for as long as he holds that position, but he shall not be eligible for increases (1) until his salary is no longer higher than the midpoint of the range for that position or (2) unless the personnel board approves an increase.*

Sec. 8. [REPEALER.] *Minnesota Statutes 1978, Section 15A.083, Subdivision 4a, is repealed.*

Sec. 9. *Article II is effective July 1, 1979."*

Amend the title by deleting it and inserting:

"A bill for an act relating to state government; setting wage and fringe benefits to employees in the executive and judicial branches of state government; ratifying certain collective bargaining agreements; making changes in the state civil service and personnel laws; making changes in public employment labor relations law; changing the duties of the public employment relations board; creating a legislative commission on employee relations; providing for a study of state employment and labor relations practices; providing for attrition in state funded personnel positions; transferring certain duties from the public service commission to the department of agriculture; appropriating money; amending Minnesota Statutes 1978, Sections 15.0411, Subdivision 2; 15A.081; 15A.083, Subdivisions 1, 2, and 4; 15A.13; 16A.123; 43.01, Subdivisions 10, 11, 14 and by adding a subdivision; 43.05, Subdivision 2; 43.055; 43.064; 43.067, Subdivisions 3 and 4; 43.09, Subdivisions 2 and 2a; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 15, 16, 17, 23, 24, 25 and by adding subdivisions; 43.122, Subdivision 5; 43.126, Subdivision 1; 43.127, Subdivision 6; 43.15, Subdivision 5; 43.17, Subdivisions 3 and 4a; 43.19; 43.20, Subdivisions 3 and

5; 43.227; 43.24; 43.32, Subdivision 4; 43.327, Subdivisions 2 and 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.47, Subdivision 2; 43.491, Subdivision 5; 43.50, Subdivision 1; 43.51; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.64, Subdivisions 5 and 7; 179.65, Subdivision 6; 179.66, Subdivision 1; 179.67, Subdivisions 3, 13 and by adding a subdivision; 179.68, Subdivision 1; 179.72; 179.74, Subdivisions 4 and 5; 223.02; 229.01, Subdivision 2; 229.07; 231.01, Subdivisions 1 and 2; 232.01, Subdivision 1; 233.01, Subdivision 1; 233.03; 234.02; 234.10; 235.01; 236.01, Subdivision 5; 299D.03, Subdivisions 2, 3 and 9; 355.12; 355.17; 355.207; 355.23, Subdivision 3; 355.286; 355.295; 355.308; 355.45; 355.60; 355.76; 645.44, Subdivision 5; Chapter 3, by adding a section; and Chapter 179, by adding a section; repealing Minnesota Statutes 1978, Sections 15A.083, Subdivision 4a; 43.-03; 43.06; 43.062; 43.063; 43.064; 43.065; 43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12; 43.121; 43.122; 43.126; 43.127; 43.-128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.245; 43.321; 43.322; 43.-323; 43.324; 43.326; 43.327; 43.33; 43.44; 43.45; 43.46; 43.48; 43.49; 43.50; 43.51; and 179.72, Subdivision 1a."

The motion prevailed. So the amendment was adopted.

Mr. Coleman then moved to amend H. F. No 1467, as amended by the Coleman amendment, adopted by the Senate May 18, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1519.)

Page 5, line 16, after "officers" insert "*, the state university system, the community college system*"

Page 5, delete lines 17 and 18

Page 6, line 31, delete everything after the comma

Page 6, delete line 32

Page 6, line 33, delete everything before "or"

Page 30, line 16, delete everything after "with"

Page 30, line 17, delete everything before "43.064" and insert "*sections 15A.081 and*"

Page 31, line 11, delete "and"

Page 32, line 8, delete "bank" and insert "*in excess of 900 hours*"

Page 34, line 26, delete the comma and insert "and"

Page 34, line 26, delete "and" and insert "or"

Page 34, line 33, reinstate "and" and delete the comma

Page 40, line 16, delete "classified"

Page 43 line 30, delete "chronic"

Page 55, line 10, after "approve" insert "*a negotiated agreement or arbitration award*"

Page 55, line 14, strike "Laws 1973, Chapter 635" and insert "*sections 179.61 to 179.76*"

Page 55, line 27, strike "Laws 1973, Chapter 635" and insert "*sections 179.61 to 179.76*"

Page 67, line 3, delete "8" and insert "7a"

Page 68, line 24, delete "an" and insert "*a negotiated*"

Page 68, line 24, after "*agreement*" insert "*or arbitration award*"

Page 95, line 4, delete "8" and insert "7a"

Page 95, line 26, delete "*The*"

Page 95, delete lines 27 and 28

Page 104, line 24, after the period insert "*The salaries set forth in section 15A.081, subdivision 1 for the chairman and members of the public employment relations board shall not apply until July 1, 1980.*"

The motion prevailed. So the amendment was adopted.

Mr. Coleman then moved to amend H. F. No. 1467 as amended by the Coleman amendment, adopted May 18, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1519.)

Page 92, line 5, after "*employee*" insert "*who is compensated pursuant to section 43.12 and excluded from a bargaining unit by section 179.74, subdivision 4 or*"

The motion prevailed. So the amendment was adopted.

Mr. Gearty moved to amend H. F. No. 1467, as amended by the Coleman amendment, adopted by the Senate May 18, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1519.)

Page 98, line 27, delete "31,000" and insert "36,000"

Page 98, line 27, delete "33,000" and insert "38,000"

The motion prevailed. So the amendment was adopted.

Mr. Pillsbury moved to amend H. F. No. 1467, as amended by the Coleman amendment, adopted by the Senate May 18, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1519.)

Page 67, line 5, delete everything after "*shall*"

Page 67, delete lines 6 and 7 and insert "*consider only the final*"

positions of the parties and shall make its decision and order in terms of either of the final positions."

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate for the balance of the proceedings on H. F. No. 1467. The following Senators answered to their names:

Ashbach	Gunderson	Knoll	Purfeerst	Stokowski
Bang	Hanson	Luther	Renneke	Strand
Benedict	Hughes	McCutcheon	Rued	Tennessee
Bernhagen	Humphrey	Menning	Schaaf	Ueland, A.
Chenoweth	Johnson	Nelson	Schmitz	Ulland, J.
Coleman	Keefe, J.	Olhoft	Setzepfandt	Wegener
Dunn	Keefe, S.	Penny	Sikorski	Willet
Engler	Kirchner	Perpich	Sillers	
Frederick	Kleinbaum	Peterson	Spear	
Gearty	Knaak	Pillsbury	Staples	

The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment of Mr. Pillsbury. The motion did not prevail. So the amendment was not adopted.

Mr. Penny moved to amend H. F. No. 1467 as amended by the Coleman amendment, adopted May 18, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1519.)

Page 53, line 21, delete "and"

Page 53, line 22, before the period, insert "*and registered nurses, as defined in section 148.171, engaged in the practice of professional nursing and employed in a community public health or human services agency, hospital or nursing home*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 40 and nays 15, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Knutson	Penny	Sikorski
Bang	Hanson	Laufenburger	Peterson	Sillers
Benedict	Hughes	Lessard	Pillsbury	Staples
Bernhagen	Humphrey	Menning	Purfeerst	Stokowski
Brataas	Keefe, S.	Moe	Renneke	Strand
Dunn	Kirchner	Ogdahl	Rued	Ueland, A.
Engler	Kleinbaum	Olhoft	Schmitz	Ulland, J.
Frederick	Knaak	Olson	Setzepfandt	Wegener

Those who voted in the negative were:

Chenoweth	Dieterich	Luther	Nichols	Tennessee
Coleman	Gearty	McCutcheon	Schaaf	Vega
Davies	Johnson	Nelson	Spear	Willet

The motion prevailed. So the amendment was adopted.

Mr. Frederick moved to amend H. F. No. 1467 as amended by the Coleman amendment, adopted May 18, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1519.)

Page 51, line 10, after the period, insert "*Effective July 1, 1981, licensed medical doctors shall be eligible to receive the same payments allowed under this section for providing the evaluation and screening to state employees who are their patients, provided that payment by the state shall be in lieu of any other payments for the evaluation and screening.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 33 and nays 26, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knutson	Peterson	Sillers
Aabbach	Frederick	Lessard	Pillsbury	Strand
Bang	Gunderson	Menning	Purfeerst	Ueland, A.
Benedict	Hughes	Olhoft	Renneke	Ulland, J.
Bernhagen	Keefe, J.	Olson	Rued	Wegener
Brataas	Kirchner	Penny	Schmitz	
Dunn	Knaak	Perpich	Setzepfandt	

Those who voted in the negative were:

Chenoweth	Humphrey	McCutcheon	Sikorski	Vega
Coleman	Johnson	Merriam	Solon	Willet
Davies	Keefe, S.	Moe	Spear	
Dieterich	Kleinbaum	Nelson	Staples	
Gearty	Knoll	Nichols	Stokowski	
Hanson	Luther	Schaaf	Tennessee	

The motion prevailed. So the amendment was adopted.

Mr. Luther moved to amend H. F. No. 1467, as amended by the Coleman amendment, adopted by the Senate May 18, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1519.)

Page 55, line 22, strike everything after the period

Page 55, lines 23 to 27, strike the old language

Page 55, line 28, strike "essential employees."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Moe	Peterson	Spear
Benedict	Gunderson	Nelson	Purfeerst	Stokowski
Chenoweth	Johnson	Nichols	Schaaf	Tennessee
Coleman	Keefe, S.	Olhoft	Schmitz	Vega
Davies	Luther	Olson	Setzepfandt	Wegener
Dieterich	McCutcheon	Perpich	Sikorski	Willet

Those who voted in the negative were:

Ashbach	Frederick	Knaak	Pillsbury	Staples
Bang	Hughes	Knoll	Renneke	Strand
Bernhagen	Humphrey	Knutson	Rued	Ueland, A.
Brataas	Keefe, J.	Lessard	Sieloff	Ulland, J.
Dunn	Kirchner	Ogdahl	Sillers	
Engler	Kleinbaum	Penny	Solon	

The motion prevailed. So the amendment was adopted.

Mr. Ulland, J. moved to amend H. F. No. 1467, as amended by the Coleman amendment, adopted by the Senate May 18, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1519.)

Page 100, lines 14, 15, 16, and 17, delete "38,500" and insert "38,000"

The motion prevailed. So the amendment was adopted.

Mr. Willet moved to amend H. F. No. 1467, as amended by the Coleman amendment, adopted by the Senate May 18, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1519.)

Page 92, line 7, after "AFL-CIO," insert "*or the International Union of Operating Engineers, Local No. 49.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 9 and nays 45, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Lessard	Purfeerst	Willet
Dunn	Gunderson	Menning	Wegener	

Those who voted in the negative were:

Ashbach	Garty	Knutson	Pillsbury	Solon
Benedict	Hanson	Luther	Renneke	Staples
Bernhagen	Hughes	McCutcheon	Rued	Stokowski
Brataas	Humphrey	Moe	Schaaf	Strand
Chenoweth	Johnson	Nelson	Schmitz	Stumpf
Coleman	Keefe, S.	Nichols	Setzepfandt	Tennessee
Davies	Kirchner	Ogdahl	Sieloff	Ueland, A.
Dieterich	Kleinbaum	Olhoft	Sikorski	Ulland, J.
Engler	Knoll	Penny	Sillers	Vega

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

Mr. Willet moved to amend H. F. No. 1467, as amended by the Coleman amendment, adopted by the Senate May 18, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1519.)

Page 75, line 28, delete "\$1157 1199 1295 1343 1404"
and insert "1203 1245 1341 1389 1450"

Page 75, line 32, delete "\$1474 1528 1585 1646" and
insert "\$1520 1574 1631 1692"

Page 76, line 3, delete "\$1528 1585 1646" and insert
"\$1574 1631 1692"

Page 76, line 7, delete "\$1610 1670" and insert "\$1656
1716"

Page 76, line 11, delete "\$1616 1646 1677 1710 1742
1773 1834" and insert "\$1662 1692 1723 1756 1788
1819 1880"

Page 76, line 17, delete "\$1911 1971 2032 2091 2149"
and insert "\$1984 2044 2105 2164 2222"

Page 76, line 19, delete "\$2184 2245 2305 2366" and
insert "\$2257 2318 2378 2439"

Page 76, line 28, delete "\$1227 1270 1373 1423
1488" and insert "\$1275 1319 1421 1472 1537"

Page 76, line 31, delete "\$1563 1620 1681 1745" and
insert "\$1611 1668 1729 1794"

Page 77, line 1, delete "\$1620 1681 1745" and insert
"\$1668 1729 1794"

Page 77, line 4, delete "\$1707 1771" and insert "\$1755
1819"

Page 77, line 7, delete "\$1714 1745 1778 1813 1846
1879 1944" and insert "\$1762 1794 1826 1861 1895
1928 1993"

Page 77, line 12, delete "\$2025 2090 2154 2217
2278" and insert "\$2103 2167 2231 2294 2355"

Page 77, line 13, delete "\$2314 2379 2445 2509" and
insert "\$2392 2457 2521 2585"

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

Mr. Ashbach moved to amend H. F. No. 1467 as amended by the Coleman amendment, adopted May 18, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1519.)

Page 92, after line 20, insert:

"The bonus provided by this section shall also be paid to employees in the executive branch who meet the requirements of this section and who (a) are compensated pursuant to section 43.12 and (b) do not have an exclusive representative."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 43, as follows:

Those who voted in the affirmative were:

Ashbach	Dunn	Knutson	Renneke	Ueland, A.
Bang	Engler	Ogdahl	Rued	Ulland, J.
Bernhagen	Frederick	Olson	Sieloff	
Brataas	Knaak	Pillsbury	Sillers	

Those who voted in the negative were:

Anderson	Hughes	Luther	Perpich	Stokowski
Benedict	Humphrey	McCutcheon	Peterson	Strand
Chenoweth	Johnson	Menning	Purfeerst	Stumpf
Coleman	Keefe, S.	Merriam	Schaaf	Tennessee
Davies	Kirchner	Moe	Schmitz	Vega
Dieterich	Kleinbaum	Nelson	Setzpfandt	Wegener
Gearty	Knoll	Nichols	Sikorski	Willet
Gunderson	Laufenburger	Olhoff	Spear	
Hanson	Lessard	Penny	Staples	

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

H. F. No. 1467 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 59 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Penny	Solon
Ashbach	Gearty	Laufenburger	Perpich	Spear
Bang	Gunderson	Lessard	Peterson	Staples
Benedict	Hanson	Luther	Pillsbury	Stokowski
Bernhagen	Hughes	McCutcheon	Purfeerst	Strand
Brataas	Humphrey	Menning	Renneke	Stumpf
Chenoweth	Johnson	Merriam	Rued	Ueland, A.
Coleman	Keefe, S.	Moe	Schaaf	Ulland, J.
Davies	Kirchner	Nelson	Setzpfandt	Vega
Dieterich	Kleinbaum	Ogdahl	Sieloff	Wegener
Dunn	Knaak	Olhoff	Sikorski	Willet
Engler	Knoll	Olson	Sillers	

Mr. Nichols voted in the negative.

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that S. F. No. 1519, now on Special Orders, be stricken and laid on the table. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 907: A bill for an act relating to retirement; judges retirement fund; including the conciliation court of the city of Duluth in certain provisions governing judicial retirement; transferring the obligations and assets of the county and probate court judges survivors' account to the judges retirement fund; amending Minnesota Statutes 1978, Sections 490.121, Subdivision 2; and 490.124, Subdivision 8; repealing Minnesota Statutes 1978, Section 490.12, Subdivisions 7 and 8.

Four members of the House have been appointed to a Conference Committee on the part of the house as follows:

Reding, Patton, Biersdorf and Albrecht.

House File No. 907 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 18, 1979

Mr. Stokowski moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 907, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

MEMBERS EXCUSED

Mr. Olhoft was excused from the Session of today from 6:10 to 10:30 o'clock p.m. Mr. Chmielewski was excused from the Session of today at 6:15 o'clock p.m.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 10:00 o'clock a.m., Saturday, May 19, 1979. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FIFTY-EIGHTH DAY

St. Paul, Minnesota, Saturday, May 19, 1979

The Senate met at 10:00 o'clock a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Engler	Laufenburger	Perpich	Stokowski
Ashbach	Frederick	Lessard	Pillsbury	Strand
Bang	Gearty	Luther	Purfeerst	Stumpf
Benedict	Gunderson	Menning	Rued	Tennessee
Bernhagen	Hanson	Merriam	Schmitz	Ueland, A.
Chmielewski	Hughes	Moe	Setzepfandt	Ulland, J.
Coleman	Humphrey	Nichols	Sieloff	Vega
Davies	Johnson	Ogdahl	Sikorski	Wegener
Dieterich	Kirchner	Olhoft	Sillers	Willet
Dunn	Kleinbaum	Penny	Spear	

The Sergeant at Arms was instructed to bring in the absent members.

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

Anderson	Frederick	Knoll	Olson	Sillers
Ashbach	Gearty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessee
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoft	Sikorski	Willet

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Mr. Schrom was excused from the Session of today. Mr. Knutson was excused from the Session of today until 1:00 o'clock p. m.

REPORTS FILED WITH THE SECRETARY OF THE SENATE

The following reports were received and filed by the Secretary of the Senate: Department of Education, Minnesota Cooperative Service Units, 1978-79; Department of Human Rights, Biennial Report 1977-78; Department of Veterans' Affairs, Biennial Report, 1976-78; Teachers Retirement Association, Forty-seventh Annual Report of the Board of Trustees, 1977-78; Metropolitan Council, Evaluation of the St. Paul Downtown People Mover; Department of Natural Resources, Biennial Report, 1978-79; Iron Range Resources and Rehabilitation Board, Biennial Report, 1976-78; Department of Health, Results of Monitoring Power Lines, 1979; Department of Personnel, Report on Pay Range Assignment of Doctors of Medicine; Department of Economic Development, Small Business Set Aside Law, Biennial Report, 1977-78; Department of Finance, Public Employment Study, Review of Current Benefit Plan Practice, 1978; Department of Finance, Public Employment Study, Critique of Minnesota's State Personnel Position Classification Plan, 1978; Department of Finance, Public Employment Study, Comparison of Salary Practices of the Public and Private Sectors in Minnesota, 1979; Department of Finance, Public Employment Study, Major Findings, Policy Implications and Recommendations, 1979; Department of Finance, Public Employment Study, Recommended Job Content Evaluation and Salary Plan for the State of Minnesota, 1979; Department of Personnel, Report on State Employee Life and Health Benefits; Department of Public Safety, A New Motor Vehicle Noise Enforcement Procedure, 1979; Northwest Regional Development Commission, Annual Report, 1978; Department of Health, Biennial Report, 1978-79; State Board of Health, Report on Maternal and Child Nutrition Program; Department of Education, Results of Pre-School Health Screening Programs, 1979.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Keefe, S. introduced—

S. F. No. 1588: A bill for an act relating to insurance; providing for the operation of the Minnesota life and health insurance guaranty association; correcting certain oversights and ambiguities; making certain improvements; amending Minnesota Statutes 1978, Sections 61B.02, Subdivision 1; 61B.05, by adding a subdivision; 61B.07, Subdivisions 1, 2, 3 and 7; and 61B.15.

Referred to the Committee on Commerce.

Messrs. Stokowski and Strand introduced—

S. F. No. 1589: A bill for an act relating to retirement; disability retirement benefits; clarifying the various statutory provisions gov-

erning the entitlement for, payment of and computation of a disability benefit; creating a statewide review committee on disability benefits; appropriating money; amending Minnesota Statutes 1978, Sections 69.41; 69.43; 69.44; 352.01, Subdivisions 17 and 22, and by adding subdivisions; 352.113; 352B.01, by adding subdivisions; 352B.10; 352B.105; 352D.065, Subdivisions 2 and 3; 353.01, Subdivision 19, and by adding a subdivision; 353.33, Subdivisions 1, 2, 3, 4, 5, 6, 6a, 6b, 7, 8, 9 and 11, and by adding subdivisions; 353.656, Subdivisions 1, 3, 4, 5 and 6, and by adding subdivisions; 354.05, Subdivision 14, and by adding a subdivision; 354.48; 422A.01, by adding subdivisions; 422A.14; 422A.18, Subdivisions 1, 2, 3, 4, 5 and 7, and by adding subdivisions; 422A.34; 423.382; 423.388; 423.52; 423.53; 423.59; 423.801, Subdivision 4, and by adding subdivisions; 423.809, Subdivisions 1, 4, and by adding subdivisions; 424.19; 424.20; 424.25; 490.121, Subdivisions 13, 14 and 15; 490.124, Subdivision 4; and Chapters 69, by adding sections; 352B, by adding sections; 356, by adding sections; 423, by adding sections; and 424, by adding sections; repealing Minnesota Statutes 1978, Sections 353.656, Subdivision 2; and 423.54.

Referred to the Committee on Governmental Operations.

Messrs. Purfeerst, Menning, Peterson, Bernhagen and Benedict introduced—

S. F. No. 1590: A bill for an act relating to claims against the state; reimbursing owners for certain damage done by wild animals; appropriating money; amending Minnesota Statutes 1978, Chapter 3, by adding a section.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Stokowski introduced—

S. F. No. 1591: A bill for an act relating to retirement; authorizing the Minneapolis teachers retirement fund association to permit the purchase of military service credit by certain members.

Referred to the Committee on Governmental Operations.

Mr. McCutcheon, by request, introduced—

S. F. No. 1592: A bill for an act relating to financing of metropolitan government; requiring the metropolitan council to present a unified proposal to the legislature; imposing a sales tax in the metropolitan area; amending Minnesota Statutes 1978, Section 297A.02; and Chapter 473, by adding sections.

Referred to the Committee on Governmental Operations.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

May 17, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 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.	Section Laws Chapter No.	Date Approved 1979	Date Filed 1979
144		91	May 17	May 17
276		92	May 17	May 17
660		93	May 17	May 17
708		94	May 17	May 17
980		95	May 17	May 17
1392		96	May 17	May 17
	148	97	May 17	May 17
	713	98	May 17	May 17
	715	99	May 17	May 17
	823	100	May 17	May 17
	859	101	May 17	May 17
	969	102	May 17	May 17
	1519	103	May 17	May 17

Sincerely,

Joan Anderson Growe
Secretary of State

May 18, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Act of the 1979 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
988		104	May 17	May 17

Sincerely,

Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

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

S. F. No. 129: A bill for an act relating to reapportionment of the legislature and congressional districts; proposing an amendment to the Minnesota Constitution, Article IV, Sections 2, 3 and 4 to provide for establishment of the boundaries of congressional and legislative districts by a commission, removing the requirement that all senators be elected at the first general election following an apportionment and limiting the power of the legislature to change the number of senators and representatives; implementing the proposed amendment by providing by law for the duties, powers and operation of the commission; and repealing Minnesota Statutes 1978, Sections 2.041 to 2.712 and 2.731 to 2.811.

Senate File No. 129 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 18, 1979

Mr. Luther moved that the Senate do not concur in the amendments by the House to S. F. No. 129 and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

S. F. No. 874: A bill for an act relating to the Memorial Hardwood Forest; directing the sale or exchange of certain tillable parcels; responsibility for roads; retention of easements; authorizing exemptions; appropriating money.

Senate File No. 874 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 18, 1979

CONCURRENCE AND REPASSAGE

Mr. Engler moved that the Senate concur in the amendments by the House to S. F. No. 874 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 874: A bill for an act relating to the Memorial Hardwood Forest; directing the sale or exchange of certain tillable parcels; responsibility for roads; retention of easements; authorizing exemptions.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 46 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Menning	Purfeerst	Stumpf
Bang	Jensen	Merriam	Rued	Tennessen
Benedict	Johnson	Moe	Schaaf	Ueland, A.
Bernhagen	Keefe, J.	Ogdahl	Schmitz	Ulland, J.
Brataas	Kirchner	Olhoff	Sieloff	Vega
Chmielewski	Kleinbaum	Olson	Sikorski	Wegener
Davies	Knaak	Penny	Sillers	
Engler	Laufenburger	Perpich	Spear	
Frederick	Lessard	Peterson	Stokowski	
Gearty	Luther	Pillsbury	Strand	

Mr. Dieterich voted in the negative.

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 219 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 219: A bill for an act relating to state government; abolishing achievement awards for commissioners and deputy constitutional officers; amending Minnesota Statutes 1978, Sections 15A.081, Subdivision 6; 43.062, Subdivision 3; and 43.067, Subdivision 4; repealing Minnesota Statutes 1978, Section 43.069.

Senate File No. 219 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 18, 1979

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 1605 and 1606.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 18, 1979

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H. F. No. 1605: A bill for an act relating to public improvements; authorizing the acquisition and betterment of public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of state building bonds; appropriating money, and authorizing a special levy.

Mr. Moe moved that H. F. No. 1605 be laid on the table. The motion prevailed.

H. F. No. 1606: A bill for an act relating to public improvements; authorizing alteration, repair, rehabilitation, equipping, and replacement of equipment of public buildings with certain conditions; authorizing purchase and sale of public lands and buildings; appropriating money.

Mr. Moe moved that H. F. No. 1606 be laid on the table. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Laufenburger moved that the Committee Reports at the Desk be now adopted, with the exception of reports from the Committee on Rules and Administration. The motion prevailed.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

Senate Resolution No. 32: A Senate resolution relating to Stanislaw Skrowaczewski; extending the gratitude of the people of the state of Minnesota for his contributions to the state.

Reports the same back with the recommendation that resolution be adopted.

Mr. Laufenburger moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

Senate Concurrent Resolution No. 4. A Senate concurrent resolution recognizing the importance of children to the future of the State of Minnesota, and expressing support for the work of the United Nations and other agencies during 1979, the International Year of the Child.

Reports the same back with the recommendation that the resolution be adopted.

Mr. Laufenburger moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Moe from the Committee on Finance, to which was re-referred

S. F. No. 787: A bill for an act relating to commerce; creating a small business assistance center within the department of economic development; appropriating money; amending Minnesota Statutes 1978, Sections 161.321, Subdivision 1; 362.42; and Chapter 362, by adding sections.

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

Page 3, delete lines 16 to 18

Reletter the clauses in sequence

Page 4, delete lines 22 and 23

Reletter the clauses in sequence

Page 5, delete lines 6 and 7

Page 5, line 8, delete "[362.45]" and insert "Sec. 4."

Page 5, line 13, after "*forms*" insert a comma

Page 5, line 18, delete "*committee*" and insert "*committees*"

Page 6, line 1, delete "*shall*" and insert "*should*"

Page 6, line 33, in the blank insert "383,100"

Page 7, line 2, delete "*biennium*" and insert "*fiscal year*"

Page 7, line 3, delete ", 1981" and insert "*in the years indicated*"

Page 7, after line 3, insert:

"1980	1981
\$191,500	\$191,600"

Page 7, line 4, delete "*authorized staff*" and insert "*approved*"

Page 7, line 5, in the blank insert "10"

Amend the title as follows:

Page 1, line 7, delete "*sections*" and insert "*a section*"

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

Mr. Moe from the Committee on Finance, to which was referred

H. F. No. 1084: A bill for an act relating to financial reports; requiring the preparation of annual reports on state finances; appropriating money; amending Minnesota Statutes 1978, Sections 16A.055, 16A.50, 16A.55, Subdivision 1; repealing Minnesota Statutes 1978, Section 16A.55, Subdivisions 2 to 9.

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

Page 2, lines 11 to 15, delete all the language from "*The*" in line 11 through the period in line 15

Page 3, after line 2, insert:

"Nothing in this section shall be construed as authorizing the commissioner of finance to require any public retirement fund to adopt or implement financial or actuarial reporting practices or procedures that do not conform with the provisions of sections 356.20 or 356.215."

Page 3, line 15, delete "state-controlled" and insert "all state"

Page 3, line 31, delete "\$250,000" and insert "\$246,300"

Page 4, line 1, after "report" insert ", to be available for the fiscal year ending June 30 in the years indicated"

Page 4, line 3, delete "responsibilities shall be" and insert "responsibility is"

Page 4, line 4, delete "The complement of"

Page 4, delete lines 5 to 7 and insert:

"1980	1981
\$127,900	\$118,400

Approved Complement—5"

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 480: A bill for an act relating to public health; authorizing the funding of a statewide poison information center; giving grant and program monitoring responsibilities to the commissioner of health; appropriating money.

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

Page 1, line 21, delete "such" and insert "the"

Page 2, lines 3 and 4, delete ", annually commencing with the quarter"

Page 2, line 12, after "users" insert "and in a manner that appropriately utilizes "911" emergency telephone services developed pursuant to Minnesota Statutes, Chapter 403"

Page 2, line 27, delete "such" and insert "the"

Page 3, delete lines 8 to 11 and insert:

"Sec. 2. [APPROPRIATION.] The sum of the \$452,800 is appropriated from the general fund to the commissioner of health for the state poison information center, to be available for the fiscal year ending June 30 in the years indicated.

1980	1981
\$198,600	\$254,200"

Page 3, line 12, delete "Sections 1 and 2 are" and insert "Section 1 is"

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 702: A bill for an act relating to health; requiring counties to establish local nursing home pre-admission screening teams; prescribing duties of the teams and the commissioner of public welfare; appropriating money; amending Minnesota Statutes 1978, Chapter 256B, by adding a section.

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

Page 1, lines 16 to 18, delete all the language from "and" in line 16 through "home" in line 18

Page 2, lines 3 to 5, delete all the language from "and" in line 3 through "admission" in line 5

Page 3, lines 12 to 14, delete all the language from "and" in line 12 through "home" in line 14

Page 3, lines 17 and 18, delete "a sliding fee scale" and insert "the full cost of conducting the assessment"

Page 3, line 26, delete "and establish a" and insert a period

Page 3, delete lines 27 and 28

Page 4, lines 2 and 3, delete "nonscreened recipients" and insert "persons who were receiving medical assistance but were"

Page 4, line 3, after "1980" insert ", without first being screened"

Page 4, line 4, after "for" insert "(1)"

Page 4, line 8, before the period insert "; or (2) an eligible individual placed in the nursing home pending an appeal of the pre-admission screening team's decision; or (3) an eligible individual placed in the nursing home by a physician in an emergency situation, if the screening team has not made a decision within five working days of its initial contract"

Page 4, line 9, delete "Subd. 7." and insert "Sec. 2."

Page 4, line 11, delete "this section" and insert "section 1"

Page 4, delete lines 16 to 19 and insert:

"Sec. 3. [APPROPRIATION.] The sum of \$66,800 is appropriated from the general fund to the commissioner of public welfare for the purpose of section 1, to be available for the fiscal year ending June 30 in the years indicated.

1980	1981
\$33,400	\$33,400"

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 956: A bill for an act relating to retirement; providing a post retirement increase in certain retirement annuities and benefits; appropriating money.

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

Delete everything after the enacting clause and insert:

"Section 1. [POST RETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.] Subdivision 1. [COVERED RETIREMENT FUNDS.] This section applies to the following retirement funds:

- (1) Public employees retirement fund;
- (2) Public employees police and fire fund;
- (3) Teachers retirement fund;
- (4) Highway patrolmen's retirement fund;
- (5) State employees retirement fund of the Minnesota state retirement system; and
- (6) Minneapolis municipal employees retirement fund.

Subd. 2. [COVERED PERSONS.] This section applies to a person who has attained the age of 65 years by July 1, 1979 and is receiving a retirement annuity, or a person who is receiving a disability benefit or a surviving spouse's annuity or benefit, if the annuity or benefit was computed under the laws in effect prior to July 1, 1973 for an annuity or benefit from a retirement fund specified in subdivision 1, clause (1), (2), (3), or (5), or was computed under the laws in effect prior to June 1, 1973 for an annuity or benefit from a retirement fund specified in subdivision 1, clause (4), or is a "\$2 bill and annuity" from the retirement fund specified in subdivision 1, clause (6).

Subd. 3. [AMOUNT; PAYMENT.] A post retirement adjustment in a lump sum equal to \$15 for each full year of allowable service credited to the person by the respective retirement fund shall be paid on December 1, 1979 to covered persons who receive an annuity or benefit on November 30, 1979, and shall be paid on December 1, 1980 to covered persons who receive an annuity or benefit on November 30, 1980. The post retirement adjustment shall not be paid to an estate. Notwithstanding Minnesota Statutes, Section 356.18, the post retirement adjustment provided for in this section shall be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the post retirement adjustment not be paid.

Subd. 4. [LIMIT ON NUMBER OF POST RETIREMENT ADJUSTMENTS PAYABLE.] Each lump sum post retirement adjustment provided for in this section for a person who is entitled to receive more than one post retirement adjustment in one year shall be reduced by dividing the amount of each post retirement adjustment by the total number of post retirement adjustments to which the person is entitled.

Subd. 5. [APPROPRIATION.] The sum of \$11,600,000 is appropriated from the general fund for the purpose of funding the post retirement adjustments provided for in this section. The appropriation shall be apportioned and paid on December 1, 1979, to the retirement funds paying the post retirement adjustment as follows:

Public employees retirement fund	\$4,576,185
Public employees police and fire fund	202,761
Teachers retirement fund	3,169,648
Highway patrolmen's retirement fund	129,661
State employee retirement fund	2,893,845
Minneapolis municipal employees retirement fund	627,900

Sec. 2. [EFFECTIVE DATE.] This act is effective July 1, 1979."

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 376: A bill for an act relating to county and county regional jails; providing for establishment and use of county jails and county regional jails and the financing thereof by county contributions and bonds and municipal revenue bonds and leases; appropriating money; amending Minnesota Statutes 1978, Sections 474.01, Subdivisions 7a and 8, and by adding a subdivision; 474.02, by adding a subdivision; 641.23; 641.24; 641.262, Subdivision 1; 641.263, Subdivision 2; 641.264, Subdivision 1; 641.265; and 642.04.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 475.58, Subdivision 1, is amended to read:

475.58 [OBLIGATIONS; ELECTIONS TO DETERMINE ISSUE.] Subdivision 1. [APPROVAL BY MAJORITY OF ELECTORS; EXCEPTIONS.] Obligations authorized by law or charter may be issued by any municipality upon obtaining the approval of a majority of the electors voting on the question of issuing the obligations, but an election shall not be required to authorize obligations issued:

- (1) to pay any unpaid judgment against the municipality;
- (2) for refunding obligations;
- (3) for an improvement, which obligation is payable wholly or partly from the proceeds of special assessments levied upon property specially benefited by the improvement, or of taxes levied upon the increased value of property within a district for the development of which the improvement is undertaken, including obligations which are the general obligations of the municipality, if the municipality is entitled to reimbursement in whole or in part from the proceeds of such special assessments or taxes and not less than 20 percent of the cost of the improvement is to be assessed against benefited property or is estimated to be received from such taxes within the district;
- (4) payable wholly from the income of revenue producing conveniences;
- (5) under the provisions of a home rule charter which permits the issuance of obligations of the municipality without election; and
- (6) under the provisions of a law which permits the issuance of obligations of a municipality without an election; and
- (7) to pay for the construction of a jail which complies with the statewide jail plan and is planned under an agreement pursuant to section 471.59 or sections 641.26 to 641.266.

Sec. 2. Minnesota Statutes 1978, Section 641.21, is amended to read:

641.21 [JAIL, ADVICE AS TO CONSTRUCTION.] When any county board determines to erect a new jail, or to repair an existing one at an expense of more than \$5,000, it shall pass a resolution to that effect, and transmit a copy thereof to the commissioner of corrections, who, within 30 days thereafter, shall *determine whether the jail complies with the commissioner's statewide jail plan and shall* transmit to that county board the advice and suggestions in reference to the construction thereof as he deems proper.

Sec. 3. Minnesota Statutes 1978, Section 641.23, is amended to read:

641.23 [FUNDS, HOW PROVIDED.] Before ~~making~~ any contract *is made* for the erection of a county jail, sheriff's residence, or both, the county board shall either levy a sufficient tax to provide the necessary funds, or issue county bonds therefor; ~~but it shall create no bonded indebtedness for that purpose in excess of the limit now or thereafter established by law in accordance with the provisions of chapter 475.~~

Sec. 4. Minnesota Statutes 1978, Section 641.262, Subdivision 1, is amended to read:

641.262 [ESTABLISHMENT OF REGIONAL JAILS BY CONTIGUOUS COUNTIES.] Subdivision 1. [ACTION BY COUNTY BOARD.] Two or more contiguous counties, *each contiguous at*

one or more points with one or more of the other counties, may cooperate to establish, operate, and maintain a regional jail in the manner provided in sections 641.261 to 641.266. A county may join with other counties in the establishment, operation, and maintenance of a regional jail by majority vote of its county board. A county board so voting shall also appropriate its approximate proportionate share of the initial expenses of the proposed county regional jail, which proportion is estimated in the manner provided in section 641.264, subdivision 2, and which is paid over upon receiving notice from the regional jail board as provided in section 641.263, subdivision 1.

Sec. 5. Minnesota Statutes 1978, Section 641.263, Subdivision 2, is amended to read:

Subd. 2. [ACQUISITION OF SITE, BUILDINGS.] The regional jail board may lease suitable premises or acquire by gift, purchase, or condemnation proceedings instituted in the name of the counties, a suitable site, and erect on the site buildings suitable for a regional jail. Condemnation proceedings shall be conducted in the manner provided in ~~Minnesota Statutes 1961~~, chapter 117. No premises shall be leased, site acquired, or building erected without the approval of the county board of each cooperating county *and the commissioner of corrections. For a regional jail which the commissioner determines complies with the statewide jail plan the regional jail board may by resolution enter into a lease agreement with any statutory or home rule charter city situated within any of the counties, in the same manner and with the same force and effect as a county acting under the provisions of section 641.24. The lease agreement, and any amendment of it, shall be approved by the county board of each cooperating county before it is executed.*

Sec. 6. Minnesota Statutes 1978, Section 641.265, is amended to read:

641.265 [ADMISSION, WITHDRAWAL OF COUNTIES.] Subdivision 1. [ADMISSION.] A county which ~~is not a participant could cooperate~~ in a regional jail system *under the provisions of section 641.262, subdivision 1, but has not cooperated in its formation,* may ~~purchase~~ acquire an interest in a ~~the~~ regional jail if the county ~~boards board~~ of each of the cooperating counties ~~owning the jail decide decides~~, by majority vote, to admit the county. With the approval of the county board of each cooperating county, the regional jail board shall fix the ~~sum to be paid for admission to ownership terms and conditions upon which an additional county may acquire an interest in the regional jail, which sum shall be deposited in the regional jail fund~~. A county ~~admitted to ownership acquiring the interest~~ has all of the rights, privileges, duties, and obligations provided by sections 641.261 to 641.266. *As a condition for admission the county may be required to pay initially or annually a sum sufficient to reimburse to the other cooperating counties part or all of the additional county's proportionate share of amounts theretofore paid by the other counties with respect to capital cost, debt service, or lease rentals, based on the relative populations*

of the respective counties according to the last federal or state census preceding admission .

Subd. 2. [WITHDRAWAL.] A county board may withdraw its interest from cooperation in a regional jail system if the county boards of each all of the other cooperating counties decide, by majority vote, to allow the withdrawal. With the approval of the county board of each cooperating county, the regional jail board shall fix the sum , if any, to be paid to the county withdrawing, which sum to reimburse it for capital cost, debt service, or lease rental payments made by the county prior to withdrawal, in excess of its proportionate share of benefits from the regional jail prior to withdrawal, and the time and manner of making the payments. The payments shall be deemed additional payments of capital cost, debt service, or lease rentals to be made proportionately by the remaining counties and, when received, shall be deposited in and paid from the regional jail fund , but:

(a) Payments shall not be made from any amounts in the regional jail fund which are needed for maintenance and operation expenses or lease rentals currently due and payable; and

(b) The withdrawing county shall remain obligated for the payment of its proportionate share of any lease rentals due and payable after its withdrawal, in the event and up to the amount of any lease payment not made when due by one or more of the other cooperating counties.

Sec. 7. Minnesota Statutes 1978, Section 642.04, is amended to read:

642.04 [CITIES MAY SEND PRISONERS TO JAILS OUTSIDE.] When, in any statutory or home rule charter city of the fourth class , no jail exists, which in the judgment of the city council, or other governing body, is sufficient or suitable for the detention of persons lawfully under arrest in the city, the council, or other governing body, may cause persons lawfully arrested to be detained in any city or county or county regional jail or lockup in the same or in an adjoining county; provided, that such detention shall be with the consent of the city or county or regional jail board operating the jail where such persons are detained, and that there shall be paid to such city or county or regional jail board the necessary cost and expense which may be incident to taking care of such persons while lawfully detained or imprisoned."

Amend the title by deleting it and inserting:

"A bill for an act relating to jails; providing for financing, joint operation, aid criteria, and state standards; amending Minnesota Statutes 1978, Sections 475.58, Subdivision 1; 641.21; 641.23; 641.262, Subdivision 1; 641.263, Subdivision 2; 641.265; and 642.04."

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

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 527: A bill for an act relating to appropriations; converting certain standing appropriations to direct appropriations; abolishing other standing appropriations; appropriating money; amending Minnesota Statutes 1978, Sections 9.061, Subdivision 5; 97.482, Subdivision 2; and 638.08; repealing Minnesota Statutes 1978, Section 7.07.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Moe from the Committee on Finance, to which was referred

S. F. No. 723: A bill for an act relating to welfare; changing income disregard provisions for certain medical assistance recipients and certain supplemental aid recipients; amending Minnesota Statutes 1978, Sections 256B.06, Subdivision 1; and 256D.37, Subdivisions 1 and 2.

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

Page 4, lines 28 and 29, delete "*and persons age 65 or over, respectively,*"

Page 5, line 12, delete "*and persons age 65 or over*"

Page 5, lines 15 and 16, delete "*and persons age 65 or over, respectively,*"

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

SECOND READING OF SENATE BILLS

S. F. Nos. 787, 480, 702, 956, 376, 527 and 723 were read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H. F. No. 1084 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS

Mr. Sikorski moved that the name of Mr. Chmielewski be added as co-author to S. F. No. 1191. The motion prevailed.

Mr. Merriam moved that the name of Mr. Humphrey be added as co-author to S. F. No. 1587. The motion prevailed.

Mr. Coleman, for the Committee on Rules and Administration, offered the following resolution.

BE IT RESOLVED, by the Senate, that the following named persons be and are hereby appointed to the positions hereinafter stated and at the salaries heretofore fixed.

Rev. Edward Flahavan, Chaplain, effective May 8, 1979

Rev. Syl Brown, Chaplain, effective May 10, 1979

Rev. Wayne Kendrick, Chaplain, effective May 14, 1979

Rev. Michael T. Kartes, Chaplain, effective May 11, 1979

Rev. Winfield Johnson, Chaplain, effective May 11, 1979

Rev. Dave Schneider, Chaplain, effective May 18, 1979

Mr. Laufenburger moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Gunderson	McCutcheon	Pillsbury	Staples
Ashbach	Hughes	Menning	Purfeerst	Strand
Bang	Jensen	Merriam	Renneke	Stumpf
Benedict	Johnson	Moe	Rued	Tennessee
Bernhagen	Keefe, J.	Nelson	Schaaf	Ueland, A.
Chmielewski	Kirchner	Nichols	Schmitz	Ulland, J.
Coleman	Kleinbaum	Ogdahl	Setzepfandt	Vega
Davies	Knaak	Olhoff	Sieloff	Wegener
Dieterich	Knoll	Olson	Sikoraki	
Engler	Laufenburger	Penny	Sillers	
Frederick	Lessard	Perpich	Solon	
Gearty	Luther	Peterson	Spear	

The Sergeant at Arms was instructed to bring in the absent members.

Mr. Coleman for the Committee on Rules and Administration introduced—

Senate Resolution No. 35: A Senate Resolution relating to Arv Johnson; honoring him for his many years as a political and governmental reporter.

Mr. Coleman moved the adoption of the foregoing resolution.

The question was taken on the adoption of the resolution.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Keefe, S.	Merriam	Purfeerst
Ashbach	Engler	Kirchner	Moe	Renneke
Bang	Frederick	Kleinbaum	Nelson	Rued
Benedict	Gearty	Knaak	Nichols	Schaaf
Bernhagen	Gunderson	Knoll	Ogdahl	Schmitz
Brataas	Hanson	Knutson	Olhoff	Schrom
Chenoweth	Hughes	Laufenburger	Olson	Setzepfandt
Chmielewski	Humphrey	Lessard	Penny	Sieloff
Coleman	Jensen	Luther	Perpich	Sikoraki
Davies	Johnson	McCutcheon	Peterson	Sillers
Dieterich	Keefe, J.	Menning	Pillsbury	Solon

Spear
Staples
Stokowski

Strand
Stumpf
Tennessee

Ueland, A.
Ulland, J.

Vega
Wegener

Willet

The motion prevailed. So the resolution was adopted.

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

Pursuant to Rule 21, Mr. Setzepfandt moved that the following members be excused at 10:00 o'clock a.m. for a Conference Committee on S. F. No. 1351:

Messrs. Setzepfandt; Nichols; Nelson; Keefe, S. and Mrs. Brataas. The motion prevailed.

Pursuant to Rule 21, Mr. Willet moved that the following members be excused at 10:00 o'clock a.m. for a Conference Committee on S. F. No. 1510:

Messrs. Humphrey; Willet; Chenoweth; Keefe, S. and Dunn. The motion prevailed.

Pursuant to Rule 21, Mr. Merriam moved that the following members be excused from 10:00 to 10:45 o'clock a.m. for a Conference Committee on H. F. No. 455:

Messrs. Merriam, Peterson, Mmes. Brataas, Knaak and Staples. The motion prevailed.

Pursuant to Rule 21, Mr. McCutcheon moved that the following members be excused at 10:00 o'clock a.m. for a Conference Committee on H. F. No. 1495:

Messrs. Johnson, Hanson, Stokowski, Sillers and McCutcheon. The motion prevailed.

Pursuant to Rule 21, Mr. Tennessee moved that the following members be excused at 10:00 o'clock a.m. for a Conference Committee on H. F. No. 1526:

Messrs. Tennessee, Ogdahl, Renneke, Stumpf and Moe. The motion prevailed.

Pursuant to Rule 21, Mr. Humphrey moved that the following members be excused at 11:00 o'clock a.m. for a Conference Committee on H. F. No. 261:

Messrs. Humphrey, Knoll, Anderson, Chenoweth and Ogdahl. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Hughes moved that the committee report on Senate Concurrent Resolution No. 4 be taken from the table. The motion prevailed. Mr. Hughes moved the adoption of the foregoing committee report. The motion prevailed. Report adopted.

Senate Concurrent Resolution No. 4. A Senate concurrent resolution recognizing the importance of children to the future of the

State of Minnesota, and expressing support for the work of the United Nations and other agencies during 1979, the International Year of the Child.

Mr. Hughes moved that Senate Concurrent Resolution No. 4 be now adopted. The motion prevailed. So the resolution was adopted.

Remaining on the Order of Business of Motions and Resolutions, Mr. Coleman moved to take up the General Orders Calendar. The motion prevailed.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Gearty in the chair.

After some time spent therein, the committee arose, and Mr. Gearty reported that the committee had considered the following:

S. F. Nos. 435, 266, 897, 844, 1141, 1101, 1035, 275, 966, 390, 1234, H. F. Nos. 1236, 87, 1392, 913 and 1111, which the committee recommends to pass.

H. F. No. 597 which the committee recommends to pass, subject to the following motion:

Mr. Laufenburger moved that the amendment made to H. F. No. 597 by the Committee on Rules and Administration in the report adopted May 16, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

S. F. No. 127, which the committee recommends to pass with the following amendment offered by Mr. Hughes:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Chapter 123, is amended by adding a section to read:

[123.35] [TESTING PROGRAM FOR EDUCATIONAL ACHIEVEMENT AND CURRICULUM EVALUATION.] *Subdivision 1. Each school district shall establish and provide a testing program for educational achievement and curriculum evaluation in its elementary, middle and secondary schools. The testing program may be a component of each district's policy on pupil progress, promotion and standards for graduation.*

Subd. 2. Before January 15, 1980, the commissioner of education shall provide the education committees of the senate and the house of representatives with recommendations for:

(1) *Revising the standards required statewide for high school graduation; and*

(2) *Establishing minimum standards of academic achievement in elementary, middle and secondary schools.*

Subd. 3. Before June 30, 1981 and June 30 of each year thereafter, each district shall provide the department of education with a description and a summary of the results of its testing program."

Delete the title and insert:

"A bill for an act relating to education; requiring school districts to establish certain testing programs; requiring the commissioner of education to make certain recommendations to the legislature; amending Minnesota Statutes 1978, Chapter 123, by adding a section."

The motion prevailed. So the amendment was adopted.

H. F. No. 451, which the committee recommends to pass with the following amendment offered by Mr. Hughes:

Amend H. F. No. 451, as amended by the Committee on Finance, adopted by the Senate May 14, 1979, as follows:

Section 2, Subdivision 3, delete "*accompanied by and driving under the direction of*" and insert "*transporting*"

Section 4, Subdivision 4, line 3, strike "may" and insert "*shall*"

Section 5, line 8, after the comma insert "*or exercise the parking privilege provided in section 169.345,*"

Section 7, Subdivision 3, line 1, restore the stricken language "Any person who violates the provisions of subdivision 1" and in line 2, after the stricken "\$10" insert "*is guilty of a petty misdemeanor and shall be fined not less than \$15 nor more than \$100*" and restore the stricken period

The motion prevailed. So the amendment was adopted.

H. F. No. 1091, which the committee recommends to pass with the following amendments offered by Messrs. Dieterich and Purfeerst:

Mr. Dieterich moved to amend H. F. No. 1091 as follows:

Page 2, line 26, delete "pursuant"

Page 2, line 27, delete "to the terms of the negotiated agreement"

The motion prevailed. So the amendment was adopted.

Mr. Purfeerst moved to amend H. F. No. 1091 as follows:

Page 2, lines 23 and 28, after "from the" insert "transportation,"

The motion prevailed. So the amendment was adopted.

S. F. No. 510, which the committee recommends to pass with the following amendment offered by Mrs. Staples:

Page 1, line 16, after "or" insert "*a Minnesota resident*"

Page 1, line 19, delete everything after "*child*" and insert a period

Page 1, delete line 20

The motion prevailed. So the amendment was adopted.

S. F. No. 654, which the committee recommends to pass with the following amendment offered by Mrs. Staples:

Page 2, delete section 4

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

S. F. No. 272, which the committee recommends to pass with the following amendment offered by Mr. Peterson:

Page 5, line 12, after "value of" insert "an acre of"

The motion prevailed. So the amendment was adopted.

H. F. No. 1198 which the committee recommends to pass, subject to the following motions:

Mr. Peterson moved that the amendment made to H. F. No. 1198 by the Committee on Rules and Administration in the report adopted May 14, 1979, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

Mr. Peterson then moved to amend H. F. No. 1198 as follows:

Page 2, after line 30, insert:

"Sec. 3. Minnesota Statutes 1978, Section 100.27, Subdivision 6, is amended to read:

Subd. 6. All migratory game birds, excepting mourning doves *Zenaida Macroura*, may be taken and possessed whenever and so long as the taking or possession is not prohibited by federal laws or regulations, subject, however, to all requirements of chapters 97 to 102, provided that it shall be unlawful to take any migratory game birds at any time in violation of any federal law or regulation. Mourning doves *Zenaida Macroura* shall not be taken and possessed in the state."

Page 3, delete section 4

Page 3, after line 32, insert

"Sec. 6. Minnesota Statutes 1978, Section 100.29, Subdivision 30, is amended to read:

Subd. 30. It shall be unlawful to use a snowmobile or any type of all-terrain vehicle during the season open for the taking of beaver or otter and for two days thereafter, for the purpose of transporting or checking beaver or otter traps or transporting beaver or otter carcasses or pelts. However, the commissioner may issue a special permit to use a snowmobile or all-terrain vehicle to transport or check beaver or otter traps, or to transport beaver or otter carcasses or pelts, to any licensed trapper having any of the physical disabilities described in section 98.48, subdivision 12. The permit shall be issued in the same manner as provided in section 98.48, subdivision 12. *In addition, the commissioner may by order authorize the use of a snowmobile or other type of all-terrain vehicle to transport or check beaver or otter traps, or to transport beaver or otter carcasses or pelts in Lake of the Woods County.*"

Pages 3 and 4, delete sections 6 and 7

Page 4, line 22, delete the underscored language

Page 4, line 23, delete "8, and 9 are" and insert "This act is"

Page 4, delete line 24

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "Subdivision 4;" and insert "Subdivisions 4 and 6; and"

Page 1, line 7, delete "14, and"

Page 1, line 7, after "19" insert ", and 30."

Page 1, line 7, delete "; and 101.42,"

Page 1, delete line 8

The motion prevailed. So the amendment was adopted.

H. F. No. 1241, which the committee recommends to pass with the following amendment offered by Mr. Willet:

Amend the title as follows:

Page 1, lines 5 and 6, delete "for loan program"

The motion prevailed. So the amendment was adopted.

H. F. No. 870 which the committee reports progress, subject to the following motion:

Mr. Hughes moved to amend H. F. No. 870 as follows:

Page 6, line 11, reinstate the stricken word "solely"

Page 6, line 12, delete "primarily"

The motion prevailed. So the amendment was adopted.

H. F. No. 870 was then progressed.

H. F. No. 588, which the committee recommends to pass with the following amendments offered by Messrs. Anderson and Knoll:

Mr. Anderson moved to amend H. F. No. 588 as follows:

Page 1, line 20, delete "bennial" and insert "biennial"

Page 1, line 20, delete "appropriations" and insert "appropriations"

Page 2, after line 4, insert

"Sec. 3. [REPORTS.] The commissioner of public welfare shall report annually to the legislature on the effect of the agreements authorized under section 1 on: (1) The funding of existing programs in Anoka State Hospital and on the hospital's cost account-

ing processes; and (2) Development of other public and private mental health services providers in the county.”

Page 2, line 5, delete “Sec. 3.” and insert “Sec. 4.”

The motion prevailed. So the amendment was adopted.

Mr. Knoll moved to amend H. F. No. 588 as follows:

Page 2, after line 4, insert:

“Sec. 4. Minnesota Statutes 1978, Section 256B.06, Subdivision 1, is amended to read:

256B.06 [ELIGIBILITY REQUIREMENTS.] Subdivision 1. Medical assistance may be paid for any person:

(1) Who is eligible for or receiving public assistance under the aid to families with dependent children program; or

(2) Who is eligible for or receiving supplemental security income for the aged, blind and disabled; or

(3) Who except for the amount of income or resources would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children and is in need of medical assistance; or

(4) Who is under 21 years of age and in need of medical care that neither he nor his relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or

(5) Who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and

(6) Who resides in Minnesota, or, if absent from the state, is deemed to be a resident of Minnesota in accordance with the regulations of the state agency; and

(7) Who alone, or together with his spouse, does not have net equity in *own* real property used as a home in excess of \$25,000 or other than the homestead. Real estate not used as a home which may not be retained unless it produces net income applicable to the family's needs or which the family is making a continuing effort to sell it at a fair and reasonable price. The commissioner of public welfare shall annually adjust the limitation on net equity in real property used as a home by the same percentage as the homestead base value index provided in section 273.122, subdivision 2; and

(8) Who, if single, does not have more than \$750 \$7,500 in cash or liquid assets, including the cash surrender value of life insurance policies, or, if married, whose cash or liquid assets, including the cash surrender value of life insurance policies, do not exceed \$1,000 plus \$150 for each additional legal dependent \$15,000, except that the value of the homestead and one automobile the market value of which does not exceed \$1,650 shall be disregarded; and

(9) Who has or anticipates receiving an annual income not in excess of \$2,600 for a single person, or \$3,250 for two family mem-

bers (man and wife, parent and child, or two siblings), plus \$625 for each additional legal dependent, or who has income in excess of these maxima and in the month of application, or during the three months prior to the month of application, incurs expenses for medical care that total more than one-half of the annual excess income in accordance with the regulations of the state agency. *In computing income to determine eligibility of persons who are not residents of long term care facilities, the commissioner shall, beginning in July 1979, disregard increases in income of social security or supplementary security income recipients due solely to increases required by sections 215(i) and 1617 of the social security act.* In excess income cases, eligibility shall be limited to a period of six months beginning with the first of the month in which these medical obligations are first incurred.

(10) Who has continuing monthly expenses for medical care that are more than the amount of his excess income, computed on a monthly basis, in which case eligibility may be established before the total income obligation referred to in the preceding paragraph is incurred, and medical assistance payments may be made to cover the monthly unmet medical need. In licensed nursing home and state hospital cases, income over and above that required for justified needs, determined pursuant to a schedule of contributions established by the commissioner of public welfare, is to be applied to the cost of institutional care. The commissioner of public welfare may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care and shall seek a waiver from federal regulations which establish the amount required to be contributed by either spouse when one spouse is a nursing home resident; and

(11) Who has applied or agrees to apply all proceeds received or receivable by him or his spouse from automobile accident coverage and private health care coverage to the costs of medical care for himself, his spouse, and children. The state agency may require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care coverage. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt of the assignment by the person or organization providing the benefits.

Sec. 5. Minnesota Statutes 1978, Section 256B.07, is amended to read:

256B.07 [EXCEPTIONS IN DETERMINING RESOURCES.] A local agency may, within the scope of regulations set by the commissioner of public welfare, waive the requirement of liquidation of excess assets when the liquidation would cause undue hardship. Household goods and furniture in use in the home, wearing apparel, insurance policies with cash surrender value not in excess of \$1,000 per insured person, personal property used as a regular abode by the applicant or recipient, and a lot in a burial

plot shall not be considered as resources available to meet medical needs.”

Page 2, line 5, delete “This act takes” and insert “Sections 1 and 2 take”

Page 2, line 6, delete “its”

Renumber the sections in sequence

Underline all new language in the bill

Amend the title as follows:

Page 1, line 2, delete “the county of Anoka” and insert “public welfare”

Page 1, line 5, after “services” insert “; raising eligibility limits for medical assistance; amending Minnesota Statutes 1978, Sections 256B.06; and 256B.07”

The motion prevailed. So the amendment was adopted.

S. F. No. 679 which the committee reports progress, after the following motion:

The question was taken on the recommendation to pass S. F. No. 679.

The roll was called, and there were yeas 17 and nays 20, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Merriam	Setzepfandt	Ulland, J.
Bang	Jensen	Pillsbury	Sikorski	
Bernbagen	Knaak	Rued	Sillers	
Dunn	Knutson	Schmitz	Ueland, A.	

Those who voted in the negative were:

Benedict	Gearly	Lessard	Penny	Staples
Chenoweth	Gunderson	Luther	Peterson	Stumpf
Coleman	Hughes	Nelson	Purfeerst	Vega
Dieterich	Humphrey	Olhoft	Schaaf	Willet

The motion did not prevail. S. F. No. 679 was then progressed.

S. F. No. 736, which the committee recommends to pass with the following amendment offered by Mr. Olhoft:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Section 273.42, is amended to read:

273.42 [RATE OF TAX; ENTRY AND CERTIFICATION; CREDIT ON PAYMENT; PROPERTY TAX CREDIT.] *Subdivision 1.* The property set forth in section 273.37, subdivision 2, consisting of transmission lines, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average rate of taxes levied for all purposes throughout the county and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer

at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited, 35 percent to the general revenue fund of the county, 50 percent to the general school fund of the county, and 15 percent to the townships within the county in which the lines are located, *after deducting the amount required for the property tax credit as provided in subdivision 2.* The amount available for distribution to the townships shall be divided among the townships in the same proportion that the length of transmission line in each township bears to the total length of transmission line in the county, except that if a payment to a town exceeds ten percent of the town's levy for the preceding year, the excess amount shall be paid to the county.

Subd. 2. Owners of land defined as class 3, 3b, 3c, 3cc, 3d or 3f pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was commenced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the county by ten percent of the transmission line tax revenue derived from the tax on that line pursuant to section 273.42. Where a right of way width is shared by more than one property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit.

Sec. 2. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.425] [ADJUSTMENT OF LEVY.] *When preparing tax lists pursuant to section 275.28 for each levy year for which credits will be payable under section 1, the county auditor shall deduct from the assessed valuation of the property within the county an amount equal to ten percent of the assessed valuation of transmission lines with respect to which a credit is to be paid. The mill rate necessary to be applied to this reduced total valuation in order to raise the required amount of tax revenue for the local taxing authorities shall be applied to the value of all taxable property in the county, including the entire valuation of those transmission lines. The proceeds of the tax levied against the excluded ten percent of the value of those transmission lines shall be available for purposes of funding of the credit provided in section 1. If the amount of that portion of the levy exceeds the amount necessary to fund the credits, the excess shall be distributed to the taxing districts within which the affected property is*

located in proportion to their respective mill rates, to be used for general levy purposes.

Sec. 3. [REPEALER.] *Minnesota Statutes 1978, Section 116C.635, is repealed.*

Sec. 4. [EFFECTIVE DATE.] *Sections 1 and 2 are effective with respect to taxes levied in 1979 and subsequent years and payable in 1980 and subsequent years. Section 3 is effective on the day following final enactment."*

Amend the title as follows:

Page 1, line 6, delete "Sections 273.36; 273.38;" and insert "Section 273.42;"

Page 1, line 7, delete "sections" and insert "a section"

Page 1, line 8, delete "Sections" and insert "Section" and delete the semicolon and insert a period

Page 1, delete line 9

The motion prevailed. So the amendment was adopted.

H. F. No. 842, which the committee recommends to pass with the following amendment offered by Mr. Hughes:

Page 3, after line 13, insert:

"Sec. 3. Minnesota Statutes 1978, Section 410.05, Subdivision 2, is amended to read:

Subd. 2. [COMMISSION MEMBERS; TERMS, VACANCIES.] Charter commission members shall hold office for the term of four years, and until their successors are appointed and qualify, except that of members initially appointed after July 1, 1967, eight shall be appointed for two year terms and seven for four year terms. No person may be appointed to more than two successive terms as a commission member. Vacancies in the commission shall be filled by appointment of the chief judge for the unexpired terms. Upon the expiration of each ~~four~~ year term, the chief judge shall appoint new commission members. If the chief judge fails to appoint new commission members within 30 days then thereafter the governing body of the city shall, appoint new commission members, unless within the 30 day period the chief judge indicates in writing to the governing body his intention to appoint new members, in which case he shall have an additional 60 days within which to make the appointment. Appointments shall be made by order filed with the clerk of the district court. An appointee who neglects to file with the clerk within 30 days a written acceptance and oath of office shall be deemed to have declined the appointment and his place shall be filled as though he had resigned. The charter commission, within 30 days after the initial appointment of the commission, shall make rules, including quorum requirements, with reference to its operations and procedures. The commission shall submit to the chief judge of the district court, on or before December 31 of each year, an annual report outlining its ac-

tivities and accomplishments for the preceding calendar year. The commission shall forward a copy of the report to the clerk of the city. Any member may be removed at any time from office, by written order of the district court, the reason for such removal being stated in the order. When any member has failed to perform the duties of his office and has failed to attend four consecutive meetings without being excused by the commission, the secretary of the charter commission shall file a certificate with the court setting forth those facts and the district court shall thereupon make its order of removal and the chief judge shall fill the vacancy created thereby.

Sec. 4. Minnesota Statutes 1978, Section 471.697, Subdivision 1, is amended to read:

471.697 [FINANCIAL REPORTING; AUDITS; CITIES OF MORE THAN 2,500 POPULATION.] Subdivision 1. In any city with a population of more than 2,500 according to the latest state or federal census, the city clerk or chief financial officer shall:

(a) Prepare a financial report covering the city's operations *including operations of municipal hospitals and nursing homes, liquor stores, and public utility commissions* during the preceding fiscal year after the close of the fiscal year and publish the report or a summary of the report, in a form as prescribed by the state auditor, in a newspaper in the city or, if there be none, post copies in three of the most public places in the city. The report shall contain financial statements and disclosures which present the city's financial position and the results of city operations in conformity with generally accepted accounting principles. The report shall include such information and be in such form as may be prescribed by the state auditor;

(b) File the financial report in his office for public inspection and present it to the city council after the close of the fiscal year. One copy of the financial report shall be furnished to the state auditor after the close of the fiscal year; and

(c) Submit to the state auditor audited financial statements which have been attested to by a certified public accountant, public accountant, or the state auditor within 180 days after the close of the fiscal year, except that the state auditor may upon request of a city and a showing of inability to conform, extend the deadline. The state auditor may accept this report in lieu of the report required in clause (b) above.

Sec. 5. Minnesota Statutes 1978, Section 471.698, Subdivision 1, is amended to read:

471.698 [FINANCIAL REPORTING; CITIES OF LESS THAN 2,500 POPULATION.] Subdivision 1. In any city with a population of less than 2,500 according to the latest state or federal census, the city clerk or chief financial officer shall:

(a) Prepare a detailed statement of the financial affairs of the city *including operations of municipal hospitals and nursing homes, liquor stores, and public utility commissions* in the style and form prescribed by the state auditor, for the preceding fiscal year show-

ing all money received, with the sources, and respective amounts thereof; all disbursements for which orders have been drawn upon the treasurer; the amount of outstanding and unpaid orders; all accounts payable; all indebtedness; contingent liabilities; all accounts receivable; the amount of money remaining in the treasury; and all items necessary to show accurately the revenues and expenditures and financial position of the city;

(b) File the statement in his office for the public inspection and present it to the city council within 45 days after the close of the fiscal year;

(c) (1) Publish the statement within 60 days after the close of the fiscal year in a newspaper published in the city; or

(2) If there is no newspaper in the city, the clerk shall, at the direction of the city council, publish the statement in the official newspaper published elsewhere or post copies in three of the most public places in the city; or

(3) If city council proceedings are published monthly or quarterly, showing to whom and for what purpose orders are drawn upon the treasurer, the annual statement to be published as required by this section may be summarized in such form as the state auditor may prescribe; and

(d) Submit within 90 days after the close of the fiscal year a copy of the statement to the state auditor in such summary form as the state auditor may prescribe."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing for appointment of home rule charter commission members; providing for the preparation of financial reports by certain cities;"

Page 1, line 5, after "Sections" insert "410.05, Subdivision 2;"

Page 1, line 5, delete "and"

Page 1, line 6, before the period, insert "; 471.697, Subdivision 1; and 471.698, Subdivision 1"

The motion prevailed. So the amendment was adopted.

H. F. No. 567 which the committee reports progress, subject to the following motion:

Mr. Strand moved that the amendment made to H. F. No. 567 by the Committee on Rules and Administration in the report adopted May 14, 1979, pursuant to Rule 49, be stricken.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 24 and nays 16, as follows:

Those who voted in the affirmative were:

- | | | | | |
|-----------|-----------|-----------|-------------|------------|
| Bang | Jensen | Menning | Schaaf | Strand |
| Bernhagen | Kirchner | Pillsbury | Schmitz | Ueland, A. |
| Brataas | Kleinbaum | Purfeerst | Setzepfandt | Wegener |
| Coleman | Knaak | Renneke | Sillers | Willet |
| Engler | Lessard | Rued | Staples | |

Those who voted in the negative were:

Benedict	Gunderson	Luther	Perpich	Stumpf
Davies	Hanson	Nelson	Sikorski	Ulland, J.
Frederick	Knoll	Penny	Spear	Vega
Gearty				

The motion prevailed. So the amendment was stricken.

H. F. No. 567 was then progressed.

On motion of Mr. Coleman, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Gearty	Luther	Peterson	Staples
Bang	Hanson	McCutcheon	Pillsbury	Stokowski
Benedict	Hughes	Menning	Purfeerst	Strand
Bernhagen	Humphrey	Merriam	Renneke	Stumpf
Chenoweth	Jensen	Nelson	Rued	Ueland, A.
Chmielewski	Johnson	Nichols	Schaaf	Ulland, J.
Coleman	Keefe, S.	Ogdahl	Schmitz	Vega
Dieterich	Kleinbaum	Olhoft	Setzepfandt	Wegener
Dunn	Knaak	Olson	Sieloff	Willet
Engler	Lessard	Penny	Sikorski	

The Sergeant at Arms was instructed to bring in the absent members.

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

SUSPENSION OF RULES

Mr. Coleman moved to take up the Senate Calendar and waive the lie-over requirement. The motion prevailed.

CALENDAR

S. F. No. 127: A bill for an act relating to education; requiring school districts to establish certain testing programs; requiring the commissioner of education to make certain recommendations to the legislature; amending Minnesota Statutes 1978, Chapter 123, by adding a section.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 51 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Gunderson	Kirchner	Menning
Ashbach	Coleman	Hanson	Kleinbaum	Moe
Bang	Dieterich	Hughes	Knaak	Nelson
Benedict	Dunn	Humphrey	Laufenburger	Nichols
Bernhagen	Engler	Jensen	Lessard	Ogdahl
Brataas	Frederick	Johnson	Luther	Olson
Chenoweth	Gearty	Keefe, S.	McCutcheon	Perpich

Pillsbury	Schmitz	Solon	Strand	Ulland, J.
Renneke	Sikorski	Staples	Stumpf	Vega
Rued	Sillers	Stokowski	Ueland, A.	Wegener
Schaaf				

Those who voted in the negative were:

Merriam	Peterson	Setzepfandt	Spear	Willet
Penny				

So the bill passed and its title was agreed to.

H. F. No. 597: A bill for an act relating to the state transportation system; authorizing the issuance and sale of Minnesota state transportation bonds; authorizing the expenditure of the proceeds for grants for construction and reconstruction of certain bridges and for certain preliminary studies; appropriating money; amending Minnesota Statutes 1978, Section 174.50, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Penny	Solon
Ashbach	Gearty	Laufenburger	Perpich	Spear
Bang	Gunderson	Lessard	Peterson	Staples
Benedict	Hanson	Luther	Pillsbury	Stokowski
Bernhagen	Hughes	McCutcheon	Purfeerst	Strand
Brataas	Humphrey	Menning	Renneke	Stumpf
Chenoweth	Jensen	Merriam	Rued	Ulland, A.
Chmielewski	Johnson	Moe	Schaaf	Ulland, J.
Coleman	Keefe, S.	Nelson	Schmitz	Vega
Dieterich	Kirchner	Nichols	Setzepfandt	Wegener
Dunn	Kleinbaum	Ogdahl	Sikorski	Willet
Engler	Knaak	Olson	Sillers	

So the bill passed and its title was agreed to.

H. F. No. 451: A bill for an act relating to parking privileges for handicapped persons; defining terms; extending the uses, in relation to parking privileges, of the special license plates issued to physically handicapped persons and clarifying the meaning of unauthorized use of those plates; recognizing parking certificates, insignia or license plates issued to handicapped persons by other jurisdictions; modifying the criteria for posted signs designating handicapped parking spaces; imposing penalties; amending Minnesota Statutes 1978, Sections 168.021, Subdivisions 3 and 5, and by adding a subdivision; 169.345; and 169.346, Subdivisions 1, 2 and 3.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Benedict	Chenoweth	Dieterich	Frederick
Ashbach	Bernhagen	Chmielewski	Dunn	Gearty
Bang	Brataas	Coleman	Engler	Gunderson

Hanson	Knoll	Nelson	Renneke	Staples
Hughes	Knutson	Nichols	Rued	Stokowski
Humphrey	Laufenburger	Ogdahl	Schaaf	Strand
Jensen	Lessard	Olson	Schmitz	Stumpf
Johnson	Luther	Penny	Setzepfandt	Ueland, A.
Keefe, S.	McCutcheon	Perpich	Sikorski	Ulland, J.
Kirchner	Menning	Peterson	Sillers	Vega
Kleinbaum	Merriam	Pillsbury	Solon	Wegener
Knaak	Moe	Purfeerst	Spear	Willet

So the bill passed and its title was agreed to.

H. F. No. 1091: A bill for an act relating to natural resources; providing a public policy directed to preservation of agricultural lands; establishing a temporary joint legislative committee on agricultural land preservation; requiring studies and reports by the state planning agency; providing for staffing of the joint legislative committee.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gerty	Knutson	Penny	Solon
Ashbach	Gunderson	Laufenburger	Perpich	Spear
Bang	Hanson	Lessard	Peterson	Staples
Benedict	Hughes	Luther	Pillsbury	Stokowski
Bernhagen	Humphrey	McCutcheon	Purfeerst	Strand
Brataas	Jensen	Menning	Renneke	Stumpf
Chenoweth	Johnson	Merriam	Rued	Ueland, A.
Coleman	Keefe, S.	Moe	Schaaf	Ulland, J.
Dieterich	Kirchner	Nelson	Schmitz	Vega
Dunn	Kleinbaum	Nichols	Setzepfandt	Wegener
Engler	Knaak	Ogdahl	Sikorski	Willet
Frederick	Knoll	Olson	Sillers	

So the bill passed and its title was agreed to.

S. F. No. 654: A bill for an act relating to human services; providing state recognition and financial grants to volunteer programs for retired senior citizens; appropriating money.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gerty	Laufenburger	Perpich	Spear
Ashbach	Gunderson	Lessard	Peterson	Staples
Bang	Hanson	Luther	Pillsbury	Stokowski
Benedict	Hughes	McCutcheon	Purfeerst	Strand
Bernhagen	Humphrey	Menning	Renneke	Stumpf
Brataas	Jensen	Merriam	Rued	Ueland, A.
Chenoweth	Johnson	Moe	Schaaf	Ulland, J.
Chmielewski	Keefe, S.	Nelson	Schmitz	Vega
Coleman	Kirchner	Nichols	Setzepfandt	Wegener
Dieterich	Kleinbaum	Ogdahl	Sieloff	Willet
Dunn	Knaak	Olhoft	Sikorski	
Engler	Knoll	Olson	Sillers	
Frederick	Knutson	Penny	Solon	

So the bill passed and its title was agreed to.

S. F. No. 272: A bill for an act relating to taxation; property tax; exempting certain wetlands from taxation; providing a wetlands credit; providing for state reimbursement of lost local revenues; reducing local levies to the extent of state reimbursement; appropriating money; amending Minnesota Statutes 1978, Sections 272.02, Subdivision 1; 275.51, Subdivision 3d; and Chapter 273, by adding a section; repealing Minnesota Statutes 1978, Section 272.59.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Lessard	Peterson	Stokowski
Ashbach	Hanson	Luther	Pillsbury	Strand
Bang	Hughes	McCutcheon	Purfeerst	Stumpf
Benedict	Humphrey	Menning	Renneke	Tennessee
Bernhagen	Jensen	Merriam	Rued	Ueland, A.
Brataas	Johnson	Moe	Schaaf	Ulland, J.
Chenoweth	Keefe, S.	Nelson	Schmitz	Vega
Chmielewski	Kirchner	Nichols	Setzepfandt	Wegener
Dieterich	Kleinbaum	Ogdahl	Sikorski	Willet
Dunn	Knaak	Olhoft	Sillers	
Engler	Knoll	Olson	Solon	
Frederick	Knutson	Penny	Spear	
Gearty	Laufenburger	Perpich	Staples	

So the bill passed and its title was agreed to.

S. F. No. 844: A bill for an act relating to welfare; providing state aid through matching grants from the department of public welfare to counties for certain semi-independent living services programs; requiring counties to monitor the services; requiring bonds for private providers of the services; directing the commissioner of public welfare to promulgate rules to implement administration of the grant program; appropriating money.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Penny	Solon
Ashbach	Gearty	Laufenburger	Perpich	Spear
Bang	Gunderson	Lessard	Peterson	Staples
Benedict	Hanson	Luther	Pillsbury	Stokowski
Bernhagen	Hughes	McCutcheon	Purfeerst	Strand
Brataas	Humphrey	Menning	Renneke	Stumpf
Chenoweth	Jensen	Merriam	Rued	Tennessee
Chmielewski	Johnson	Moe	Schaaf	Ueland, A.
Coleman	Keefe, S.	Nelson	Schmitz	Ulland, J.
Davies	Kirchner	Nichols	Setzepfandt	Vega
Dieterich	Kleinbaum	Ogdahl	Sieloff	Wegener
Dunn	Knaak	Olhoft	Sikorski	Willet
Engler	Knoll	Olson	Sillers	

So the bill passed and its title was agreed to.

H. F. No. 1236: A bill for an act relating to the town of Forest Lake; exempting it from certain tax levy limitations.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Olhoft	Sikorski
Aashbach	Frederick	Knoll	Olson	Sillers
Bang	Gearty	Knutson	Penny	Solon
Benedict	Gunderson	Laufenburger	Peterson	Spear
Bernhagen	Hanson	Lessard	Pillsbury	Staples
Brataas	Hughes	Luther	Purfeerst	Stokowski
Chenoweth	Humphrey	McCutcheon	Renneke	Strand
Chmielewski	Jensen	Merriam	Rued	Stumpf
Coleman	Johnson	Merriam	Schaaf	Tennessee
Davies	Keefe, S.	Moe	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener

Messrs. Nelson, Perpich and Willet voted in the negative.

So the bill passed and its title was agreed to.

S. F. No. 1141: A bill for an act relating to hearing impaired persons; establishing regional service centers and advisory committees; establishing a statewide interpreter referral service; providing for a program of training and employment; prescribing duties for the commissioner of public welfare; establishing an office on hearing impairment; providing for an advisory committee for the state council for the handicapped; prescribing duties for the department of health; providing for a study by the state planning agency; appropriating money.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Penny	Solon
Aashbach	Gearty	Laufenburger	Perpich	Spear
Bang	Gunderson	Lessard	Peterson	Staples
Benedict	Hanson	Luther	Pillsbury	Stokowski
Bernhagen	Hughes	McCutcheon	Purfeerst	Strand
Brataas	Humphrey	Merriam	Renneke	Stumpf
Chenoweth	Jensen	Merriam	Rued	Tennessee
Chmielewski	Johnson	Moe	Schaaf	Ueland, A.
Coleman	Keefe, S.	Nelson	Schmitz	Ulland, J.
Davies	Kirchner	Nichols	Setzepfandt	Vega
Dieterich	Kleinbaum	Ogdahl	Sieloff	Wegener
Dunn	Knaak	Olhoft	Sikorski	Willet
Engler	Knoll	Olson	Sillers	

So the bill passed and its title was agreed to.

S. F. No. 897: A bill for an act relating to the secretary of state; providing for printing and distributing the student edition of the legislative manual; appropriating money; amending Minnesota Statutes 1978, Section 5.09.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Garty	Laufenburger	Peterson	Stokowski
Ashbach	Gunderson	Lessard	Pillsbury	Strand
Bang	Hanson	Luther	Purfeerst	Stumpf
Benedict	Hughes	McCutcheon	Renneke	Tennessee
Bernhagen	Humphrey	Menning	Rued	Ueland, A.
Brataas	Jensen	Merriam	Schaaf	Ulland, J.
Chenoweth	Johnson	Moe	Schmitz	Vega
Chmielewski	Keefe, J.	Nelson	Setzepfandt	Wegener
Coleman	Keefe, S.	Nichols	Sieloff	Willet
Davies	Kirchner	Ogdahl	Sikorski	
Dieterich	Kleinbaum	Olhoft	Sillers	
Dunn	Knaak	Olson	Solon	
Engler	Knoll	Penay	Spear	
Frederick	Knutson	Perpich	Staples	

So the bill passed and its title was agreed to.

H. F. No. 87: A bill for an act relating to highways; providing for bus shelters and benches on streets and highways; authorizing road authorities to grant franchises; amending Minnesota Statutes 1978, Section 160.27, Subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 34 and nays 29, as follows:

Those who voted in the affirmative were:

Chenoweth	Johnson	McCutcheon	Peterson	Staples
Chmielewski	Keefe, S.	Merriam	Purfeerst	Stokowski
Coleman	Kirchner	Moe	Schmitz	Stumpf
Engler	Kleinbaum	Nichols	Setzepfandt	Ueland, A.
Garty	Knutson	Ogdahl	Sieloff	Vega
Gunderson	Laufenburger	Olson	Solon	Willet
Jensen	Lessard	Penny	Spear	

Those who voted in the negative were:

Anderson	Davies	Keefe, J.	Perpich	Sillers
Ashbach	Dieterich	Knaak	Pillsbury	Strand
Bang	Dunn	Luther	Renneke	Tennessee
Benedict	Frederick	Menning	Rued	Ulland, J.
Bernhagen	Hughes	Nelson	Schaaf	Wegener
Brataas	Humphrey	Olhoft	Sikorski	

So the bill passed and its title was agreed to.

H. F. No. 1198: A bill for an act relating to wild animals; altering or eliminating certain provisions in regard to the taking, possessing, or transporting of game or fish; amending Minnesota Statutes 1978, Sections 98.45, Subdivision 1; 100.27, Subdivision 4; 100.29, Subdivisions 7, 14, and 19; and 101.42, Subdivision 18, and by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Penny	Solon
Ashbach	Gearty	Laufenburger	Perpich	Spear
Bang	Gunderson	Lessard	Peterson	Staples
Benedict	Hanson	Luther	Pillsbury	Stokowski
Bernhagen	Hughes	McCutcheon	Purfeerst	Strand
Brataas	Humphrey	Menning	Renneke	Stumpf
Chenoweth	Jensen	Merriam	Rued	Tennessee
Chmielewski	Johnson	Moe	Schaaf	Ueland, A.
Coleman	Keefe, J.	Nelson	Schmitz	Ulland, J.
Davies	Keefe, S.	Nichols	Setzepfandt	Wegener
Dieterich	Kirchner	Ogdahl	Sieloff	Willet
Dunn	Kleinbaum	Olhoft	Sikorski	
Engler	Knaak	Olson	Sillers	

So the bill passed and its title was agreed to.

S. F. No. 1101: A bill for an act relating to taxation; altering the penalty to be imposed upon assessment districts having large coefficients of dispersion; delaying the effective date of imposition of the penalty; amending Minnesota Statutes 1978, Section 477A.04.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Penny	Solon
Ashbach	Gearty	Laufenburger	Perpich	Spear
Bang	Gunderson	Lessard	Peterson	Staples
Benedict	Hanson	Luther	Pillsbury	Stokowski
Bernhagen	Hughes	McCutcheon	Purfeerst	Strand
Brataas	Humphrey	Menning	Renneke	Stumpf
Chenoweth	Jensen	Merriam	Rued	Tennessee
Chmielewski	Johnson	Moe	Schaaf	Ueland, A.
Coleman	Keefe, J.	Nelson	Schmitz	Ulland, J.
Davies	Keefe, S.	Nichols	Setzepfandt	Vega
Dieterich	Kleinbaum	Ogdahl	Sieloff	Wegener
Dunn	Knaak	Olhoft	Sikorski	Willet
Engler	Knoll	Olson	Sillers	

Mr. Kirchner voted in the negative.

So the bill passed and its title was agreed to.

H. F. No. 1392: A bill for an act relating to labor; requiring operators of motor vehicles to stop and proceed with caution at certain entrances and exits; imposing a penalty.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Penny	Spear
Ashbach	Gearty	Knutson	Perpich	Staples
Bang	Gunderson	Laufenburger	Peterson	Stokowski
Benedict	Hanson	Lessard	Purfeerst	Strand
Bernhagen	Hughes	Luther	Renneke	Stumpf
Brataas	Humphrey	McCutcheon	Rued	Tennessen
Chenoweth	Jensen	Menning	Schaaf	Ueland, A.
Chmielewski	Johnson	Merriam	Schmitz	Ulland, J.
Coleman	Keefe, J.	Moe	Setzepfandt	Vega
Davies	Keefe, S.	Nelson	Sieloff	Wegener
Dieterich	Kirchner	Nichols	Sikorski	Willet
Dunn	Kleinbaum	Olhoft	Sillers	
Engler	Knaak	Olson	Solon	

So the bill passed and its title was agreed to.

S. F. No. 1035: A bill for an act relating to taxation; deed tax; authorizing the commissioner of revenue to provide tax meter machines to replace deed tax stamps; appropriating funds; amending Minnesota Statutes 1978, Section 287.27, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Olson	Sillers
Ashbach	Gearty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessen
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoft	Sikorski	Willet

So the bill passed and its title was agreed to.

H. F. No. 913: A bill for an act relating to small businesses; increasing state procurement from small businesses; amending Minnesota Statutes 1978, Section 16.083, Subdivisions 1 and 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Olson	Sillers
Ashbach	Frederick	Knutson	Penny	Spear
Bang	Gearty	Laufenburger	Perpich	Staples
Benedict	Gunderson	Lessard	Peterson	Stokowski
Bernhagen	Hughes	Luther	Purfeerst	Strand
Brataas	Humphrey	McCutcheon	Renneke	Stumpf
Chenoweth	Jensen	Menning	Rued	Tenneasen
Chmielewski	Johnson	Moe	Schaaf	Ueland, A.
Coleman	Keefe, J.	Nelson	Schmitz	Ulland, J.
Davies	Keefe, S.	Nichols	Setzepfandt	Vega
Dieterich	Kirchner	Ogdahl	Sieloff	Wegener
Dunn	Kleinbaum	Olhoft	Sikorski	Willet

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

S. F. No. 275: A bill for an act relating to taxation; income tax; clarifying non-taxable status of certain federal earned income credits; amending Minnesota Statutes 1978, Section 290.01, Subdivision 20.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Penny	Solon
Ashbach	Gearty	Laufenburger	Perpich	Spear
Bang	Gunderson	Lessard	Peterson	Staples
Benedict	Hanson	Luther	Pillsbury	Stokowski
Bernhagen	Hughes	McCutcheon	Purfeerst	Strand
Brataas	Humphrey	Menning	Renneke	Stumpf
Chenoweth	Jensen	Merriam	Rued	Tennesen
Chmielewski	Johnson	Moe	Schaaf	Ueland, A.
Coleman	Keefe, J.	Nelson	Schmitz	Ulland, J.
Davies	Keefe, S.	Nichols	Setzepfandt	Vega
Dieterich	Kirchner	Ogdahl	Sieloff	Wegener
Dunn	Kleinbaum	Olhoft	Sikorski	Willet
Engler	Knaak	Olson	Sillers	

So the bill passed and its title was agreed to.

H. F. No. 1111: A bill for an act relating to pollution; authorizing water pollution control fund grants for certain wastewater treatment projects; providing for use of state and federal funds in certain proportions; authorizing issuance of Minnesota state water pollution control bonds; appropriating money; amending Minnesota Statutes 1978, Section 116.18, Subdivisions 1 and 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Olson	Sillers
Ashbach	Gearty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessee
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoff	Sikorski	Willet

So the bill passed and its title was agreed to.

H. F. No. 1241: A bill for an act relating to natural resources; reducing local match required for dam repair and reconstruction grants; authorizing loans for local share of project costs; authorizing sale of bonds for loan program; appropriating money; amending Minnesota Statutes 1978, Section 105.482, Subdivisions 3 and 5, and by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Olson	Sillers
Ashbach	Gearty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessee
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoff	Sikorski	Willet

So the bill passed and its title was agreed to.

H. F. No. 588: A bill for an act relating to the county of Anoka; authorizing the county to enter into agreements with the Anoka State Hospital for community mental health services.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Bang	Bernhagen	Chenoweth	Coleman
Ashbach	Benedict	Brataas	Chmielewski	Davies

Dieterich	Keefe, J.	Menning	Purfeerst	Staples
Dunn	Keefe, S.	Merriam	Renneke	Stokowski
Engler	Kirchner	Moe	Rued	Strand
Frederick	Kleinbaum	Nichols	Schaaf	Stumpf
Gearty	Knaak	Ogdahl	Schmitz	Tennessen
Gunderson	Knoll	Olhoft	Setzepfandt	Ueland, A.
Hanson	Knutson	Olson	Sieloff	Ulland, J.
Hughes	Laufenburger	Penny	Sikorski	Vega
Humphrey	Lessard	Perpich	Sillers	Wegener
Jensen	Luther	Peterson	Solon	Willet
Johnson	McCutcheon	Pillsbury	Spear	

Mr. Nelson voted in the negative.

So the bill passed and its title was agreed to.

S. F. No. 966: A bill for an act relating to county human services facilities; providing authority to issue and sell general obligation revenue bonds, lease facilities, pledge revenues, and pledge full faith and credit; amending Minnesota Statutes 1978, Chapter 402, by adding a section.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 49 and nays 14, as follows:

Those who voted in the affirmative were:

Bang	Gearty	Knoll	Penny	Sillers
Benedict	Gunderson	Knutson	Pillsbury	Solon
Bernhagen	Hughes	Laufenburger	Purfeerst	Staples
Brataas	Humphrey	Luther	Renneke	Stokowski
Chmielewski	Jensen	McCutcheon	Rued	Stumpf
Coleman	Johnson	Menning	Schaaf	Ueland, A.
Dieterich	Keefe, S.	Moe	Schmitz	Ulland, J.
Dunn	Kirchner	Ogdahl	Setzepfandt	Vega
Engler	Kleinbaum	Olhoft	Sieloff	Wegener
Frederick	Knaak	Olson	Sikorski	

Those who voted in the negative were:

Anderson	Keefe, J.	Nelson	Peterson	Tennessen
Chenoweth	Lessard	Nichols	Spear	Willet
Davies	Merriam	Perpich	Strand	

So the bill passed and its title was agreed to.

S. F. No. 390: A bill for an act relating to taxation; property tax; extending 3cc classification to mobile homes owned by disabled persons; allowing homestead owned by disabled person and joint tenant to qualify for 3cc classification; amending Minnesota Statutes 1978, Section 273.13, Subdivision 7.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Garty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessee
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoff	Sikorski	Willet
Frederick	Knoll	Olson	Sillers	

So the bill passed and its title was agreed to.

S. F. No. 1234: A bill for an act relating to taxation; providing that property tax exemption allowed for pollution control property shall not apply to solid waste disposal sites; amending Minnesota Statutes 1978, Section 272.02, Subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Garty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessee
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoff	Sikorski	Willet
Frederick	Knoll	Olson	Sillers	

So the bill passed and its title was agreed to.

S. F. No. 736: A bill for an act relating to taxation; providing for the distribution of proceeds of taxation of electric transmission and distribution lines; eliminating certain annual payments by utilities; amending Minnesota Statutes 1978, Section 273.42; and Chapter 273, by adding a section; repealing Minnesota Statutes 1978, Section 116C.635.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Davies	Engler	Gunderson
Bang	Chenoweth	Dieterich	Frederick	Hughes
Bernhagen	Chmielewski	Dunn	Garty	Humphrey

Jensen	McCutcheon	Olson	Schmitz	Tennessee
Johnson	Menning	Penny	Setzepfandt	Ueland, A.
Kirchner	Merriam	Perpich	Sikorski	Vega
Kleinbaum	Moe	Peterson	Solon	Wegener
Knaak	Nelson	Pillsbury	Spear	Willet
Knoll	Nichols	Renneke	Staples	
Knutson	Ogdahl	Rued	Stokowski	
Laufenburger	Olhoff	Schaaf	Stumpf	

Those who voted in the negative were:

Hanson	Luther	Sieloff	Sillers	Strand
Keefe, J.				

So the bill passed and its title was agreed to.

H. F. No. 842: A bill for an act relating to local government; providing for certain local improvements and special assessments; amending Minnesota Statutes 1978, Sections 429.011, by adding a subdivision; and 429.021, Subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Laufenburger	Perpich	Solon
Bang	Hanson	Lessard	Peterson	Spear
Bernhagen	Hughes	Luther	Pillsbury	Staples
Brataas	Humphrey	Menning	Purfeerst	Stokowski
Chenoweth	Jensen	Merriam	Renneke	Strand
Chmielewski	Johnson	Moe	Rued	Stumpf
Davies	Keefe, J.	Nelson	Schaaf	Tennessee
Dieterich	Keefe, S.	Nichols	Schmitz	Ueland, A.
Dunn	Kirchner	Ogdahl	Setzepfandt	Vega
Engler	Kleinbaum	Olhoff	Sieloff	Wegener
Frederick	Knaak	Olson	Sikorski	Willet
Gearty	Knoll	Penny	Sillers	

So the bill passed and its title was agreed to.

S. F. No. 435: A bill for an act relating to education; increasing the maximum awards for scholarships and grants-in-aid; changing the eligibility for certain financial assistance; increasing the bonding authority of the higher education coordinating board; requiring that data on certain applicants for student financial assistance be classified as private and providing an exception; increasing the eligibility for a tuition subsidy for a public post-secondary vocational-technical school; prescribing additional qualifications for receipt of certain Indian scholarships; reconstituting the Minnesota Indian scholarship committee; appropriating money; amending Minnesota Statutes 1978, Sections 124.48; 136A.121, Subdivisions 4, 5, 7 and 8; 136A.162; 136A.171; and 136A.236, Subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Lessard	Peterson	Staples
Bang	Hughes	Luther	Pillsbury	Stokowski
Benedict	Humphrey	McCutcheon	Purfeerst	Strand
Bernhagen	Jensen	Menning	Renneke	Stumpf
Brataas	Johnson	Merriam	Rued	Tennessee
Chenoweth	Keefe, J.	Moe	Schaaf	Ueland, A.
Chmielewski	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegner
Engler	Knaak	Olhoft	Sikorski	Willet
Frederick	Knoll	Olson	Sillers	
Gearty	Knutson	Penny	Solon	
Gunderson	Laufenburger	Perpich	Spear	

So the bill passed and its title was agreed to.

Without objection, the Senate reverted to the Order of Business of Introduction and First Reading of Senate Bills, Messages from the House, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time and referred to the committee indicated.

Mr. Laufenburger introduced—

S. F. No. 1593: A bill for an act relating to the Minnesota Historical Society; appropriating money for a Mississippi river historical interpretation center.

Referred to the Committee on General Legislation and Administrative Rules.

MESSAGES FROM THE HOUSE

Mr. President:

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

S. F. No. 202: A bill for an act relating to health; providing for several types of life support transportation service; providing for health systems agencies to be involved in the licensing process; providing factors to be used in making licensing recommendations; providing for standards for services; forbidding inquiry as to ability to pay before provision of life support transportation services; requiring rules for nonemergency transportation reimbursement under medical assistance; exempting certain providers; amending Minnesota Statutes 1978, Sections 144.801; 144.802; 144.803; 144.804; 144.805; 144.807, Subdivision 1; 144.808; 144.809 and 144.8091, Subdivision 1.

Senate File No. 202 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

Mr. Nelson moved that the Senate do not concur in the amendments by the House to S. F. No. 202 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House wishes to recall for the purpose of further consideration House File No. 970.

H. F. No. 970: A bill for an act relating to unemployment compensation; limiting benefits paid to certain owners and relatives of certain businesses; amending Minnesota Statutes 1978, Section 268.07, Subdivision 3.

Edward A. Burdick, Chief Clerk, House of Representatives
May 19, 1979.

Mr. Pillsbury moved that H. F. No. 970 be taken from the table. The motion prevailed.

Mr. Pillsbury moved that H. F. No. 970 be returned to the House for further consideration. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 186: A bill for an act relating to crimes; limiting a perpetrator's right to commercially exploit the crime; providing for the payment of crime victims; appropriating money; amending Minnesota Statutes 1978, Chapter 299B, by adding a section.

Four members of the House have been appointed to such committee on the part of the House as follows: Byrne, McCarron, Rothenberg and Fritz.

Senate File No. 186 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 831: A bill for an act relating to the Hennepin county park reserve district; regulating tax levies; reaffirming the requirement that the environmental quality board make its decisions by a majority vote; permitting certain requests for reconsideration of board decisions; amending Laws 1967, Chapter 721, Section 2, as amended; and Minnesota Statutes 1978, Section 116D.04, Subdivision 3.

Four members of the House have been appointed to such committee on the part of the House as follows: Ellingson, Jude, Heap and Ewald.

Senate File No. 831 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned:

S. F. Nos. 1435 and 1548.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

REPORTS OF COMMITTEES

Mr. Laufenburger moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S. F. No. 455 and the report pertaining to appointments. The motion prevailed.

APPOINTMENTS

Mr. Coleman from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S. F. No. 528: Messrs. Davies, Pillsbury, and Spear.

H. F. No. 907: Messrs. Stokowski, Ogdahl, and Strand.

S. F. No. 129: Messrs. Luther, Dieterich, Schaaf, Sikorski and Pillsbury.

S. F. No. 917: Messrs. Keefe, S.; Nichols, and Laufenburger.

Mr. Coleman moved that the foregoing appointments be approved. The motion prevailed.

Mr. Coleman from the Subcommittee on Bill Scheduling, to which were referred S. F. Nos. 480, 702, 956, 376, 723, 527, 787, and H. F. Nos. 1084, 724 makes the following report:

That the above Senate Files and House Files be placed on the General Orders Calendar in the order indicated.

That there were no other bills before the Subcommittee on which floor action was requested. Report adopted.

Mr. Tennesen from the Committee on Commerce, to which was referred

S. F. No. 455: A bill for an act relating to liquor; registration of labels; amending Minnesota Statutes 1978, Section 340.62.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 340.62, is amended to read:

340.62 [CERTAIN LIQUOR REGISTERED.] *Subdivision 1.* No licensed manufacturer or wholesaler shall manufacture or import for sale within the state, any brand of intoxicating liquor or *non-intoxicating malt beverage* such as distilled spirits and , wine, beer or malt beverage, or any distilled or vinous liquor designated as a specialty, wherein such liquor is ready for sale for beverage purposes without further processing, unless the label of such brand has been registered with and approved by the commissioner.

Subd. 2. The label of any brand of distilled liquor, beer or malt beverage may be registered only by the owner thereof or an authorized agent of the owner. No brand of distilled liquor, beer or malt beverage may be imported for sale within the state without the consent of the brand owner or authorized agent of the owner. Nothing in this subdivision shall be construed to repeal, limit or otherwise affect the provisions of sections 340.114.

Subd. 3. The label of any brand of wine may be registered by the owner thereof or an authorized agent of the owner. No brand of wine may be imported for sale within the state without the consent of the brand owner or authorized agent of the owner.

Subd. 4. The commissioner shall hereinafter establish a register for such brand labels, which labels shall be acceptable under the following conditions:

(1) No brand of intoxicating liquor as hereinbefore described shall be manufactured or imported for sale within the state after the passage of this act unless the brand label thereof has been submitted to and approved by the commissioner. The fee for such registration shall be \$10 \$15 for each brand label.

(2) The same registration and fee shall be required for any brand of liquor as hereinbefore described which has been manufactured or imported for sale within this state and in which the brand label for such brand has been filed with the commissioner

and wherein the sale of such brand has been discontinued within the state by the manufacturer or wholesaler for a period of two years.

(3) After the sale of any brand of intoxicating liquor as hereinbefore described has been discontinued within this state for a period of three years by the manufacturer or wholesaler distributing it, said brand and its brand label and any and all registrations thereof in this state shall thereafter be conclusively presumed to have been abandoned by said manufacturer or wholesaler.

All labels shall be registered for a two year period. The registration period shall begin on the first day of the month in which the application is approved by the commissioner. When a label approval expires, it may be re-registered for another two year period, by refiling, paying the fee and obtaining the approval of the commissioner. In order to implement the provisions of this act, all labels approved before July 1, 1978 shall expire June 30, 1980 and all labels approved between July 1, 1978 and June 30, 1979 shall expire June 30, 1981.

(4) The terms "brand" and "brand label," when used herein in this section, shall each be construed to mean and include trademarks and designs used in connection therewith.

(5) All money received by the commissioner under the provisions of this section shall be paid to the state treasurer and such money shall be credited to the general fund.

Sec. 2. [EFFECTIVE DATE.] *This act is effective July 1, 1979. Section 1, subdivision 3 expires July 1, 1980.*"

And when so amended the bill do pass. Mr. Luther questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

S. F. No. 1553: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results and technical errors of a noncontroversial nature; amending Laws 1979, Chapter 63, Section 1, Subdivision 2.

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

Delete everything after the enacting clause and insert:

"Section 1. Laws 1979, Chapter 56, Section 6, is effective the day following final enactment of this act.

Sec. 2. Laws 1979, Chapter 63, Section 1, Subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] A supervising peace officer may order a telephone company to cut, reroute, or divert telephone lines for the purpose of *establishing and controlling communications with a violator*.

Sec. 3. Minnesota Statutes 1978, Section 98.46, Subdivision 3, as amended by Laws 1979, Chapter 94, Section 3, is amended to read:

Subd. 3. Fees for the following licenses, to be issued to residents only, shall be:

- (1) To harvest wild rice, \$4;
- (2) To buy ~~or~~ and sell wild ginseng, \$5.

Sec. 4. Minnesota Statutes 1978, Section 98.46, Subdivision 18, as amended by Laws 1979, Chapter 104, Section 1, is amended to read:

Subd. 18. Fees for the following licenses, to be issued to either residents or nonresidents shall be:

(1) For a wild rice dealer's license to buy wild rice within the state for resale to anyone except consumers, or to sell wild rice imported from outside the state to anyone within the state except consumers, \$50 if the amount of wild rice bought or sold by the licensee within the year covered by the license does not exceed 50,000 pounds, \$200 if such amount exceeds 50,000 pounds. For the purposes hereof the weight of wild rice in its raw state shall govern. All raw rice purchased by a dealer shall be reported in accordance with clauses (2), (3), (4), and (5), and ~~(6)~~ of this subdivision.

(2) Every application for a license under this subdivision shall be made on oath in writing in such form as the commissioner shall prescribe, stating the amount of wild rice, whether raw or processed, bought or sold by the applicant during the calendar year preceding the year for which the license is sought, the amount which the applicant estimates he will buy or sell under the license, and such other pertinent information as the commissioner may require. The license fee shall be paid in advance, based on such estimate, subject to adjustment as hereinafter provided; provided, that no license shall be issued for any year based on a lesser amount of wild rice than was bought or sold by the applicant during the preceding calendar year.

(3) Every licensee under this subdivision shall keep a correct and complete book record of all wild rice bought or sold by him during the period covered by his license, showing the date of each transaction, the names and addresses of all other parties thereto, and the amount of wild rice involved, whether raw or processed. Every such record shall be open for inspection by the commissioner, the coordinator of wild rice, or any conservation officer or agent of the commissioner at all reasonable times. Every licensee shall transmit to the commissioner within ten days after the end of each calendar month during the period covered by the license a

written report, in such form as the commissioner shall prescribe, signed by the licensee, stating the total amount of wild rice bought or sold by him during such calendar month, whether raw or processed.

(4) No dealer licensee under this subdivision shall at any time buy or sell any wild rice for which a license is required hereunder in excess of the amount covered by his license. In case a licensee shall desire to buy or sell any wild rice in excess of such amount, he shall before doing so make application for a supplemental license covering the increased amount of wild rice involved, and such license shall be issued to him upon payment of the prescribed fee therefor, less credit for the fees paid for the previous license or licenses issued to him hereunder for the same calendar year. Upon the issuance of such supplemental license, such previous license or licenses shall be surrendered to the commissioner.

(5) The wilful making of a false statement in any application for a license under this subdivision or in any report required hereunder, or the wilful making of a false entry in any record required hereunder, or any other violation of or failure to comply with any provision of this subdivision shall be a misdemeanor, punishable as provided by section 97.55, subdivision 1. Upon a second conviction within a period of three years of any person of any offense under this subdivision, any license hereunder then held by him shall immediately become null and void, and no such license shall be issued to him for one year after the date of such conviction."

Amend the title, as follows:

Page 1, line 6, before "amending" insert "providing for the effective date of Laws 1979, Chapter 56, Section 6;"

Page 1, line 7, after "2" insert "; Minnesota Statutes 1978, Section 98.46, Subdivisions 3, as amended, and 18, as amended."

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

Mr. Moe from the Committee on Finance, to which was referred

H. F. No. 368: A bill for an act relating to community social services; establishing a formula for allocating state and federal funds to counties for the administration and provision of community social services; providing for community social service tax levies; prescribing the duties of county boards and the commissioner of public welfare; establishing an experimental program of services for chronically mentally ill persons; appropriating money; amending Minnesota Statutes 1978, Sections 245.61; 245.62; 245.63; 245.64; 245.66; 245.68; 245.69; 245.84, Subdivisions 1 and 5; 245.85; 245.87; 252.21; 252.22; 252.24, Subdivisions 1, 3 and 4; 252.25; 252.26; 252.261; 253A.02, by adding a subdivision; 253A.07, Subdivisions 1 and 7; 253A.09, Subdivision 1; 253A.10, Subdivision 4; 253A.14, Subdivision 1; 253A.15, Subdivisions 6, 11, 12 and 13; 254A.05, Subdivision 1; 254A.07, Subdivisions 1 and 2;

254A.08, Subdivision 1; 254A.12; 254A.14; and 254A.16, Subdivision 2; repealing Minnesota Statutes 1978, Sections 245.65; 245.651; 245.691; 254A.07, Subdivision 3; 254A.08, Subdivision 3; and 254A.17.

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

Delete everything after the enacting clause and insert:

"Section 1. [256E.01] [CITATION.] Sections 1 to 13 may be cited as the "community social services act."

Sec. 2. [256E.02] [POLICY.] Subdivision 1. [AVAILABILITY; PLANNING.] The legislature finds that it is in the interest of the citizens of the state of Minnesota that public social problems be addressed systematically by the state and its political subdivisions. The legislature further finds that the development of plans for the treatment, reduction, and control of social problems should be done through an intergovernmental planning process involving the state and local units of government. The purpose of the intergovernmental planning process is to ensure the coordination of state and local programs in order to achieve the goals listed in subdivision 2.

Subd. 2. [GOALS FOR STATE SOCIAL SERVICES.] The legislature declares that social services programs should be designed to prevent, reduce, or control specific social problems, and that the broad goals of social services programs provided to the citizens of the state of Minnesota shall be to:

(a) Ensure the development of all persons to their full potential with special emphasis on those in need of protection;

(b) Assist and increase the capacity of individuals and families to achieve or maintain independence by strengthening, preserving, and rehabilitating those individuals and family units;

(c) Minimize the need for formal social systems to solve personal and family problems;

(d) Prevent neglect, abuse, or exploitation of those unable to protect their own interests; and

(e) Prevent, eliminate, and develop alternatives to unnecessary institutionalization, and to assist in securing appropriate institutional care when required.

Sec. 3. [256E.03] [PURPOSE]. It is the purpose of the "community social services act" to establish a system of planning for and providing community social services administered by the boards of county commissioners of each county under the supervision of the commissioner of public welfare.

Sec. 4. [256E.04] [DEFINITIONS.] Subdivision 1. For the purposes of sections 1 to 13 the terms defined in this section shall have the meanings given them, unless the context clearly indicates otherwise.

Subd. 2. "Community social services" means services included in the comprehensive annual services plan published by the commissioner of public welfare and social services authorized by Minnesota Statutes, Sections 245.61 to 245.691, 245.83 to 245.87, 252.21 to 252.27, Subdivision 1, 254A.07, 254A.08, 254A.12, 254A.14, 260.-251, Subdivision 1a, 261.27 and 393.07, Subdivision 1. Community social services do not include public assistance programs known as aid to families with dependent children, Minnesota supplemental aid, medical assistance, general assistance, general assistance medical care, or community health services authorized by Minnesota Statutes, Sections 145.911 to 145.922.

Subd. 3. "Commissioner" means the commissioner of public welfare.

Subd. 4. "State social services plan" means the state social services plan developed pursuant to section 5.

Subd. 5. "County plan" means the community social services plan required by section 10.

Subd. 6. "County board" means the board of county commissioners in each county.

Subd. 7. "Human services board" means a board established pursuant to Minnesota Statutes, Section 402.02, Laws 1974, Chapter 293 or Laws 1976, Chapter 340.

Sec. 5. [256E.05] [BIENNIAL STATE PLAN.] Subdivision 1. *The commissioner shall prepare a biennial social services plan and present the plan to the governor and the legislature. The commissioner shall update the plan biennially. The plan shall include:*

(a) A statement of methods employed by the commissioner to assure that the community social services administered by or contracted for by the counties assist in the achievement of the goals specified in section 2, subdivision 2;

(b) A statement of methods used to ensure intergovernmental coordination of state and local planning and delivery of community social services;

(c) A coordination statement setting forth the relationship of the state social services plan to any other federal, state or locally financed human services programs, including but not limited to, programs for the aged, children, the developmentally disabled, the chemically dependent, and programs related to corrections, education, vocational rehabilitation, mental health, housing, health, and employment;

(d) A statement of the relationship of the state social services plan to comprehensive social, economic, physical, and environmental plans adopted by the regional development commissions and the metropolitan council, including the rationale for any differences; and

(e) An evaluation of the effectiveness of the prior two years performance of each program in relation to identified public social

problems, stating the measurable goals, objectives, methods, and outcome for those years, including the extent to which the numbers of persons and families proposed to be served by each category of social service were actually served, the direct cost, and the administrative cost per unit of social service for each category.

The commissioner shall consult with the heads of human service related state departments and agencies in preparing the coordination statement required by this subdivision.

Subd. 2. [PUBLIC NOTICE.] Copies of the proposed state plan shall be made reasonably available to the public allowing sufficient time for public review and comment. Copies of the updated state social services plan shall be submitted to the governor and the legislature prior to the beginning of each biennium and shall be made available to the public.

Sec. 6. [256E.06] [DUTIES OF COMMISSIONER OF PUBLIC WELFARE.] Subdivision 1. [GENERAL SUPERVISION.] *The commissioner of public welfare shall supervise the community social services administered by the counties through standard-setting, technical assistance to the counties, approval of county plans, preparation of the state biennial plan, evaluation of community social services programs and distribution of public money for services.*

Subd. 2. [PLAN APPROVAL.] Within 30 days after submission of the community social services plan by the counties pursuant to section 10, subdivision 5, the commissioner shall certify whether the plan fulfills the purposes and requirements of law and the rules of the state agency. If the commissioner certifies that the plan does not do so, he shall state the reasons therefore, and the county shall have 30 days to submit a plan amended to comply with the requirements of the commissioner. If the county fails to resubmit a plan amended as required by the commissioner, the commissioner shall notify the county of his intention to reduce state aids five percent for each 30 day period during which the county fails to amend the plan as required by the commissioner. The county board has the right to appeal the commissioner's decision pursuant to section 7, subdivision 10.

Subd. 3. [ADDITIONAL DUTIES.] The commissioner shall also:

(a) Provide necessary forms and instructions to the counties for plan format and information;

(b) Eliminate or revise all applicable department rules as appropriate to accommodate sections 1 to 13;

(c) Provide training and other support services to county boards to assist in needs assessment, planning, implementing, and monitoring social services programs in the counties;

(d) Design and implement a method of monitoring and evaluating the social services programs delivered within the state, and assure compliance with applicable standards, guidelines, and the county and state social services plans;

(e) *Annually publish a report on community social services which shall reflect the contents of the individual county reports. The report shall be submitted to the governor and the legislature with an evaluation of community social service programs and recommendations for changes needed to fully implement state social service policies in relation to the goals stated in section 2, subdivision 2; and*

(f) *Request waivers from federal programs as necessary to implement sections 1 to 13.*

Sec. 7. [256E.07] [DISTRIBUTION OF STATE AIDS.] *Subdivision 1. [FORMULA.] The commissioner of public welfare shall distribute community social service aids to each county board in an amount determined according to the following formula:*

(1) *In calendar year 1980:*

(a) *An amount equal to \$65.50 times the average unduplicated number of persons who receive AFDC, general assistance, and medical assistance per month in calendar year 1979 as reported in the average monthly caseload reports required under Minnesota Statutes, Sections 256.01, 256B.04 and 256D.04, and certified by the commissioner of public welfare;*

(b) *Plus an amount equal to \$3.05 times the number of persons residing in the county as determined by the most recent data of the state demographer;*

(c) *Plus an amount equal to \$26.75 times the number of persons residing in the county who are 65 years old or older as determined by the most recent data of the state demographer.*

(2) *In calendar year 1981:*

(a) *An amount equal to \$69 times the average unduplicated number of persons who receive AFDC, general assistance, and medical assistance per month in calendar year 1979 as reported in the average monthly caseload reports required under Minnesota Statutes, Sections 256.01, 256B.04 and 256D.04, and certified by the commissioner of public welfare;*

(b) *Plus an amount equal to \$3.20 times the number of persons residing in the county as determined by the most recent data of the state demographer;*

(c) *Plus an amount equal to \$28.25 times the number of persons residing in the county who are 65 years old or older as determined by the most recent data of the state demographer.*

If the legislature appropriates for any biennium a greater or lesser amount than the amount determined according to this formula, the amount due to the counties based on the formula in clauses (a) to (c) shall be increased or decreased accordingly. The local effort required by subdivisions 4 and 5 and any reductions required by subdivisions 6 to 9 or section 6, subdivision 2 shall be calculated on the basis of the amounts actually appropriated from year to year.

Subd. 2. [MINIMUM FUNDING LEVEL.] No county shall receive less for community social services under subdivision 1 in calendar years 1980 and 1981 than 106 percent and 112 percent respectively of the amount of state money it received in calendar year 1978 for moneys earned in calendar year 1978 as authorized by Laws 1977, Chapter 453, Section 2 and as authorized by the 1979 regular session of the seventy-first legislature for the following activities: community mental health centers pursuant to Minnesota Statutes, Sections 245.61 to 245.691 and 254A.07, except money authorized for programs serving native Americans pursuant to Minnesota Statutes, Section 254A.031; developmental achievement centers pursuant to Minnesota Statutes, Sections 252.21 to 252.261; day care services pursuant to Minnesota Statutes, Sections 245.83 to 245.87, except money authorized in the official worksheets of the senate and house conferees for migrant labor day care; money authorized in the official worksheets of the senate and house conferees for detoxification programs pursuant to Minnesota Statutes, Section 254A.08 and for half-way houses for chemically dependent persons; and money authorized for affected employees pursuant to Minnesota Statutes, Section 254A.12 and for services to youth and other underserved populations pursuant to Minnesota Statutes, Section 254A.14.

For purposes of this subdivision, 50 percent of the county administrative cost reimbursement authorized by Laws 1977, Chapter 453, Section 2, which was earned in calendar year 1978 is considered community social service money. The term state funds does not include any federal money received by the state or counties for financing these services.

No county shall receive more than 130 percent of the amount received in the immediately preceding year as specified in this subdivision. For the first year following the effective date of sections 1 to 13, no county shall receive more than 130 percent of the amount received in 1978.

Subd. 3. [PAYMENTS TO COUNTIES.] The commissioner of public welfare shall make payments for community social services to each county in four installments per year. The commissioner of public welfare may certify the payments for the first three months of a calendar year based on estimates of the unduplicated number of persons receiving AFDC, general assistance and medical assistance for the prior year. The following three payments shall be adjusted to reflect the actual unduplicated number of persons who received AFDC, general assistance and medical assistance as required by subdivision 1.

Subd. 4. [LOCAL EFFORT.] Each county shall quarterly certify to the commissioner of public welfare that the county has provided from its resources funding for community social services in an amount at least equal to its state aids pursuant to the formula in subdivision 1.

Subd. 5. [COMMUNITY SOCIAL SERVICE LEVY.] In calendar year 1979 for taxes payable 1980, each county board shall levy upon all taxable property in the county a tax at least equal

to the amount determined in subdivision 1 for community social service programs. In calendar year 1980 for taxes payable 1981, a county board shall levy upon all taxable property in the county a tax at least equal to the amount determined in subdivision 1. All money available to counties pursuant to this section may be used by counties to match federal money.

Subd. 6. [FAILURE TO SPEND.] A county which has not spent the aids granted under subdivision 1 for community social services within two years of receiving those aids shall receive a reduction in aid calculated pursuant to subdivision 1. This reduction shall be made in the calendar year which begins no more than 30 months after the underspending has occurred and shall be equal to one-half the amount of aids which were not spent.

Subd. 7. [FAILURE TO LEVY.] A county which levies less than the levy required in subdivision 5, shall receive a reduction in the aid calculated pursuant to subdivisions 1 and 2. The commissioner shall calculate the reduced aid as follows:

(a) Divide the amount levied by the amount required to be levied in subdivision 5; and

(b) Multiply the ratio derived in clause (a) times the aid calculated under subdivision 1.

Subd. 8. [INAPPROPRIATE EXPENDITURES.] Beginning in calendar year 1981, in counties containing a city of the first class, the distribution in aid provided in subdivision 1 shall be reduced by an amount equal to the community social service aids allocated pursuant to subdivision 1 in the immediately preceding year which have been spent for purposes other than community social services.

Subd. 9. [LOCAL GOVERNMENT AID.] Beginning in calendar year 1981 the distribution of local government aid pursuant to Minnesota Statutes, Section 477A.01, Subdivision 2 shall be reduced by an amount equal to the community social service aids allocated pursuant to subdivision 1 in the immediately preceding year which have been spent for purposes other than community social services.

Subd. 10. [APPEAL.] Prior to certifying any reduction in aids, the commissioner shall notify the county of his intention to certify a reduction. He shall notify the county of the right to a hearing. If the county requests a hearing within thirty days of notification of intention to reduce aids, the commissioner shall not certify any reduction in aids until a hearing is conducted and a decision rendered in accordance with the provisions of chapter 15 for contested cases.

Subd. 11. [PLANNING GRANTS.] The commissioner may make grants to counties for planning community social service programs. The commissioner shall specify the terms and conditions of the planning grants. Grants for planning shall be limited to one year.

Sec. 8. [256E.08] [TITLE XX ALLOCATION.] Subdivision 1. In federal fiscal year 1980 and subsequent years, money for social services that is received from the federal government to reimburse counties for social service expenditures pursuant to title XX of the social security act shall be allocated to each county according to the following formula:

(a) Two-thirds shall be allocated on the basis of the annual average number of unduplicated active caseloads in each county in the following programs: aid to families with dependent children, medical assistance, supplementary security income, and Minnesota supplemental aid.

(b) One-third shall be allocated on the basis of the number of persons residing in the county as determined by the most recent data of the state demographer.

(c) The commissioner shall allocate to the counties pursuant to this section the total money received from the federal government for social services pursuant to title XX of the social security act, except that portion of the state's allocation which the legislature authorizes for administrative purposes and for migrant day care.

(d) In federal fiscal year 1980 and in subsequent years the minimum title XX share of a county shall be the sum of:

(1) The title XX earnings of that county in calendar year 1978, except that in the counties of Hennepin, Ramsey and St. Louis the greater of 99 percent of their title XX earnings in calendar year 1978 or 99 percent of their allocation in federal fiscal year 1979; and

(2) One-half of the amount that the county would be entitled to by applying the allocation formula described in paragraphs (a), (b), and (c) to the amount of title XX money received by the state which is in excess of the state's 1979 federal fiscal year allocation.

If the amount allocated to any county pursuant to paragraphs (a), (b), and (c) is less than the minimum title XX share of that county, its allocation shall be raised to its minimum title XX share through a percent reduction applied to the amounts that allocations to other counties exceed their minimum title XX shares. If in any year the amount of title XX funds to the state is reduced below the level it received in federal fiscal year 1979, the guarantee provided in this paragraph shall be reduced by a percentage reduction equal to the percentage reduction in title XX money to the state as a whole. The commissioner of public welfare shall annually review the use of title XX money by each county and reallocate unused money among the other counties, except Hennepin, Ramsey and St. Louis counties, so as to raise them to their earnings in federal fiscal year 1979. Any federal title XX money unused after this reallocation shall be reallocated by the commissioner according to the formula in paragraphs (a), (b), and (c) so that all available federal money is used within the federal fiscal year.

Subd. 2. [TITLE XX TRAINING FUNDS.] The commissioner shall make determined efforts to obtain the maximum amount of training money to which the state is entitled pursuant to title XX of the social security act. In allocating training money received from the federal government pursuant to title XX of the social security act, the commissioner shall, insofar as federal regulations allow, give preference to training or retraining county personnel in the administration of community social services.

Sec. 9. [256E.09] [DUTIES OF COUNTY BOARDS.] Subdivision 1. The county board of each county shall be responsible for administration, planning and funding of community social services programs. Each county board shall singly or in combination with other county boards as provided in section 10 prepare a social services plan for development and coordination of community social services programs and shall update the plan biennially. Upon final approval of the plan by the county board or boards, the plan shall be submitted to the commissioner. The county board shall distribute money available pursuant to sections 7 and 8 for community social services programs.

Subd. 2. [COUNTY STAFF.] The board may appoint a director of community social services to serve at the pleasure of the board and to perform the administrative functions required of the board by sections 1 to 13. The board may assign to the director of community social services the duties of the welfare director as described in section 393.04.

Subd. 3. [ADMINISTRATION OF INCOME MAINTENANCE PROGRAMS.] The county board may designate itself or another agency to perform the functions of county welfare boards as prescribed in chapter 393 and assigned to county agencies in other law which pertains to the administration of income maintenance programs known as aid to families with dependent children, general assistance, Minnesota supplemental aid, medical assistance, general assistance medical care, and emergency assistance.

Subd. 4. [CONTRACTS FOR SERVICES.] The county board may contract for community social services programs with a human services board, a multi-county board established by a joint powers agreement, other political subdivisions, or private organizations. The final approval of the community social services plan required in section 10 shall be made by the county board of each county.

Subd. 5. [COMMUNITY SOCIAL SERVICES FUND.] In the accounts and records of each county there shall be created a community social services fund. All moneys provided for community social services programs under sections 7 and 8 and all other revenues, fees, grants-in-aid, gifts, or bequests designated for community social services purposes shall be identified in the record of the fund and in the report required in subdivision 8. This fund shall be used exclusively for planning and delivery of community social services as defined in section 4, subdivision 2. If county boards have joined for purposes of administering community social services, the county boards may create a joint community social services fund. If a human service board has been

established, the human service board shall account for community social services money as required in Minnesota Statutes, Chapter 402.

Subd. 6. [FEES FOR SERVICES.] *The county board may, subject to approval of the commissioner, establish a schedule of fees based upon clients' ability to pay to be charged to recipients of community social services. Payment, in whole or in part, for services may be accepted from any person. When services are provided to any person, including a recipient of aids administered by the federal, state or county government, payment of any charges due may be billed to and accepted from a public assistance agency or from any public or private corporation.*

Subd. 7. [COUNTY OF FINANCIAL RESPONSIBILITY.] *The county responsible for payment for community social services is the county in which the recipient of services resides at the time of application. The county of financial responsibility does not change as a result of referral for services to another county. Minors are considered as residing in the county in which their parents or guardians reside. When a minor reaches the age of 18, the county of financial responsibility is the county in which the minor resides. If a person continues in residential care or treatment after reaching the age of 18, the county which initiated the treatment is the county of financial responsibility.*

Subd. 8. [FINANCIAL REPORTING BY COUNTIES.] *Beginning in calendar year 1980 each county shall submit to the commissioner of public welfare a financial accounting of the county's community social services fund. A quarterly statement shall be submitted no later than 15 days after the end of the calendar quarter, and shall include:*

(a) *A detailed statement of income and expenses attributable to the fund in the preceding quarter; and*

(b) *A statement of the source and application of all money used for social services programs by the county during the preceding quarter, including the number of clients served and expenditures for each service provided, as required by the commissioner of public welfare.*

In addition, each county shall submit to the commissioner of public welfare no later than February 15 of each year, a detailed balance sheet of the community social development fund for the preceding calendar year.

If county boards have joined or designated human service boards for purposes of providing community social services programs, the county boards may submit a joint statement or the human service board shall submit the statement, as applicable.

Subd. 9. [REDUCTION IN SERVICES PROHIBITED.] *In calendar years 1980 and 1981 the county board shall not reduce the funding provided in calendar year 1979 for the following services: child care, mental health, chemical dependency, and mental retardation services, including developmental achievement centers.*

Subd. 10. [INTERCOUNTY COOPERATION.] *Two or more contiguous counties which are situated within the boundaries of the same region designated pursuant to Minnesota Statutes, Sections 462.381 to 462.396 or the metropolitan area as defined in Minnesota Statutes, Section 473.121, Subdivision 2, and which have not established a human services board may, by resolution of their respective county boards, agree to combine into one board for social service purposes to serve the counties that enter into the agreement. The joint board shall have the same powers, duties, and functions as the individual county boards. The term of the joint board, withdrawal from the joint board, composition of the board, and contribution to the expenses of the board shall be according to the terms of the agreement. Nothing in this section shall prevent a county board from purchasing services from an agency outside the boundaries of the Minnesota economic development region in which it is situated. A joint board established pursuant to this section may encompass completely two regions. Insofar as possible, social services which are jointly administered shall be equally accessible to all citizens of the counties which are party to the agreement.*

Sec. 10. [256E.10] [COMMUNITY SOCIAL SERVICE PLANS.] Subdivision 1. [PLAN PROPOSAL.] *Commencing in 1980, and every two years thereafter, the county board shall, on or before May 1 of that year, publish and make available upon request to all residents of the county a proposed biennial community social services plan.*

Subd. 2. [CITIZEN PARTICIPATION.] *The county board shall provide opportunities for participation by citizens in the county, including representatives of users of services, in the development of the biennial plan and in the allocation of money for community social services. At least 60 days prior to publication of the proposed plan the county board shall publish the methods proposed to achieve citizen participation in the planning process.*

Subd. 3. [PLAN CONTENT.] *The biennial community social services plan published by the county shall include:*

(a) A statement of the goals of community social service programs in the county;

(b) Methods used pursuant to subdivision 2 to encourage participation of citizens and providers in the development of the plan and the allocation of money;

(c) Methods used to identify persons in need of service and the social problems to be addressed by the community social service programs;

(d) A description of each community social service proposed and identification of the agency or person proposed to provide the service;

(e) The amount of money proposed to be allocated to each service;

(f) *An inventory of public and private resources which are available to the county for social services;*

(g) *Evidence that serious consideration was given to the purchase of services from private and public agencies; and*

(h) *Methods whereby community social service programs will be monitored and evaluated by the county.*

Subd. 4. [PLAN SUBMISSION.] The county board of commissioners shall submit the biennial community social services plan to the commissioner of public welfare. The date of publication and submission to the commissioner shall be determined so that the plan is coordinated with the proposed and final comprehensive annual services program plan required by title XX of the social security act.

Subd. 5. [PUBLIC NOTICE.] The county board shall make available to the public through publication or posting in public buildings the names and locations of agencies responsible for the provision of community social services.

Sec. 11. [256E.11] [PROGRAM EVALUATION.] Beginning in calendar year 1981, each county shall submit to the commissioner a report on the effectiveness of the community social service programs in the county. The commissioner in collaboration with county boards shall prescribe standard methods to be used by the counties in making the report. The report shall be submitted no later than January 15 of each year and shall include:

(a) *The number and type of recipients of each service; and*

(b) *An evaluation on the basis of measurable program objectives and performance criteria for each county social service program.*

Sec. 12. [256E.12] [PILOT PROGRAMS.] Nothing in sections 1 to 13 shall prohibit the commissioner from making grants for pilot programs in certain counties or on a statewide basis when the legislature authorizes money to encourage innovation in community social services programs or to respond to the needs of a specified group of persons.

Sec. 13. [256E.13] [GRANTS FOR CHRONICALLY MENTALLY ILL PERSONS.] Subdivision 1. The commissioner shall establish an experimental statewide program to assist counties in providing services to chronically mentally ill persons. The commissioner shall make grants to counties to establish, operate, or contract with private providers to provide service designed to help chronically mentally ill persons remain and function in their own communities.

Subd. 2. 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. A county receiving a grant under this section shall finance at least ten percent of the cost of services for chronically

mentally ill persons from local resources, which may include private contributions and federal money.

Subd. 3. The commissioner shall allocate grants under this section to finance up to 90 percent of each county's costs for services for chronically mentally ill persons. The commissioner shall promulgate temporary rules to govern grant applications, approval of applications, allocation of grants, and maintenance of financial statements by grant recipients. The commissioner shall require collection of data and periodic reports as the commissioner deems necessary to demonstrate the effectiveness of the services in helping chronically mentally ill persons remain and function in their own communities. The commissioner shall report to the legislature no later than January 15, 1981 on the effectiveness of the experimental program and his recommendations regarding making this program an integral part of the social development programs administered by counties. The experimental program shall expire no later than June 30, 1981.

Sec. 14. Minnesota Statutes 1978, Section 245.61, is amended to read:

245.61 [COUNTY BOARDS MAY MAKE GRANTS FOR LOCAL MENTAL HEALTH PROGRAMS.] ~~The commissioner of public welfare is~~ *County boards are* hereby authorized to make grants to ~~assist cities, counties, towns or any combinations thereof, or non-profit corporations in the establishment~~ *public or private agencies to establish and operate* local mental health programs to provide the following services: (a) collaborative and cooperative services with public health and other groups for programs of prevention of mental illness, mental retardation, alcoholism, and other psychiatric disabilities; (b) informational and educational services to the general public, and lay and professional groups; (c) consultative services to schools, courts and health and welfare agencies, both public and private, including diagnostic evaluation of cases from juvenile courts; (d) out-patient diagnostic and treatment services; (e) rehabilitative services for patients suffering from mental or emotional disorders, mental retardation, alcoholism, and other psychiatric conditions particularly those who have received prior treatment in an in-patient facility; (f) detoxification in alcoholism evaluation and service facilities.

Sec. 15. Minnesota Statutes 1978, Section 245.62, is amended to read:

245.62 [COMMUNITY MENTAL HEALTH PROGRAM; TAX LEVY.] Any city, county, town, or any combination thereof, ~~of over 50,000 population, and upon consent of the commissioner of public welfare, any city, county, town or combination thereof with less than 50,000 population,~~ may establish a community mental health services program and may establish clinics and staff same with persons specially trained in psychiatry and related fields. ~~Such programs and clinics may be administered by a city, county, town, or non-profit corporation or a community mental health board established pursuant to sections 245.61 to 245.69. After June 30, 1977, each community mental health services program must be contained~~

completely within the boundaries of one Minnesota economic development region except that a community mental health board may encompass completely two Minnesota economic development regions.

In order to provide the necessary funds to establish and operate a mental health services program and to establish and maintain a clinic, the governing body of any city, county or town may levy annually upon all taxable property in such city, county or town a special tax in excess of any statutory or charter limitation but except when levied by a county, such levy shall not exceed two-thirds of one mill. The governing body of any city, county or town may make such a levy, where necessary, separate from the general levy and at any time of the year. Nothing contained herein shall in any way preclude the use of funds available for this purpose under any existing statute or charter provision relating to cities, towns or counties.

Sec. 16. Minnesota Statutes 1978, Section 245.63, is amended to read:

245.63 [ASSISTANCE OR GRANT.] Any city, county, town, non-profit or public or private corporation or community mental health board administering a mental health services program may apply to a county board for the assistance provided by sections 245.61 to 245.69 by submitting annually to the commissioner of public welfare its plan and budget for the next fiscal year together with the recommendations of the community mental health board thereon in establishing and funding a mental health services program. No programs shall be eligible for a grant hereunder unless its plan and budget have been approved by the commissioner. After June 30, 1977, no program shall be eligible for a grant hereunder unless it is contained completely within the boundaries of one Minnesota economic development region except that a community mental health board may encompass completely two Minnesota economic development regions county board or boards.

Sec. 17. Minnesota Statutes 1978, Section 245.64, is amended to read:

245.64 [FUNDS ALLOCATED.] At the beginning of each fiscal year in preparing the biennial plan prescribed in section 6, the commissioner of public welfare county board shall allocate available funds to the mental health programs for disbursement during the fiscal year in accordance with such approved plans and budgets. The commissioner shall county board may, from time to time during the fiscal year, review the budgets and expenditures of the various programs and if funds are not needed for a program to which they were allocated, he it may, after reasonable notice and opportunity for hearing, withdraw such funds as are unencumbered and reallocate them to other programs. He may The county board may withdraw funds from any program which is not being administered in accordance with its approved plan and budget.

Sec. 18. Minnesota Statutes 1978, Section 245.66, is amended to read:

245.66 [COMMUNITY MENTAL HEALTH BOARDS.] Every city, ~~county or town or~~, combination thereof or corporation establishing a community mental health services program shall, before it may come within the provisions of sections 245.61 to 245.69, establish a community mental health board. When a combination of six or less political subdivisions establish a program, the board shall consist of at least nine members, but not more than twelve members, at the option of the selection committee. When seven or more political subdivisions establish a program the board shall consist of at least nine members, but not more than fifteen members, at the option of the selecting committee. When any city, county or town singly establishes a program, the board shall be appointed by the chief executive officer of the city or the chairman of the governing body of the county or town. When *the county contracts with a non-profit corporation as the administrator of a to operate the program not established by a city, county or town*, the corporation shall select a community mental health board which shall be representative of the groups herein enumerated, but the number of members need not be nine. When any combination of the political subdivisions herein enumerated establishes a community mental health services program, the chief executive officer of each participating city and the chairman of the governing body of each participating county or town shall appoint two members to a selecting committee, which shall select the members of the board. Membership of the community mental health boards shall include at least one county commissioner representative from each participating county and shall also be representative of local health departments, medical societies, county welfare boards, hospital boards, lay associations concerned with mental health, mental retardation and chemical dependency, labor, agriculture, business, civic and professional groups and the general public. Membership may include a representative from any county which purchases substantial services from the community mental health board. Nothing ~~in Laws 1975, Chapter 69~~ shall prevent a county or community mental health board from purchasing services from an agency outside the boundaries of the Minnesota economic development region.

Sec. 19. Minnesota Statutes 1978, Section 245.68, is amended to read:

245.68 [DUTIES OF COMMUNITY MENTAL HEALTH BOARDS.] Subject to the provisions of this section and the rules and regulations of the commissioner of public welfare, each community mental health board shall:

(a) Facilitate and implement programs in mental health, mental retardation and inebriacy so as to assure delivery of services;

(b) Review and evaluate community mental health service provided pursuant to sections 245.61 to 245.69, and report thereon to the ~~commissioner of public welfare~~ *county board*, the administrator of the program, and, when indicated, the public, together with recommendations for additional services and facilities;

(c) Recruit and promote local financial support for the program

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;

(d) Promote, arrange and implement working agreements with other social service agencies, both public and private, and with other educational and judicial agencies;

(e) Advise the administrator of the community mental health program on the adoption and implementation of policies to stimulate effective community relations;

(f) Review the annual plan and budget and make recommendations thereon;

(g) When so determined by the authority establishing the program, act as the administrator of the program;

~~(i) Establish and operate a detoxification center;~~

~~(j) (h) Encourage and assist innovative private treatment programs;~~

~~(k) (i) Provide services for drug dependent persons; and~~

~~(l) (j) Appoint advisory committees in at least the areas of mental health, mental retardation and inebriacy. A committee shall consist of residents of the area served who are interested and knowledgeable in the area governed by such committee. These advisory committees shall report regularly to the board.~~

Sec. 20. Minnesota Statutes 1978, Section 245.69, is amended to read:

245.69 [ADDITIONAL DUTIES OF COMMISSIONER.] In addition to the powers and duties already conferred upon him by law the commissioner of public welfare shall:

(a) Promulgate rules and regulations governing eligibility of community mental health programs to receive state grants, prescribing standards for qualification of personnel and quality of professional service and for in-service training and educational leave programs for personnel, governing eligibility for service so that no person will be denied service on the basis of race, color or creed, or inability to pay, providing for establishment, subject to the approval of the commissioner, of fee schedules which shall be based upon ability to pay and the guiding principle of which shall be that no one who can afford to pay for his own treatment at the rate customarily charged in private practice shall be treated in the community mental health services clinic except as hereinafter provided, regulating fees for consultation and diagnostic services which services may be provided to anyone without regard to his financial status when referred by the courts, schools, or health or welfare agencies whether public or private, and such other rules and regulations as he deems necessary to carry out the purposes of sections 245.61 to 245.69.

(b) Review and evaluate local programs and the performance of

administrative and psychiatric personnel and make recommendations thereon to ~~community mental health~~ county boards and program administrators;

(c) Provide consultative staff service to communities to assist in ascertaining local needs and in planning and establishing community mental health programs; and

(d) Employ qualified personnel to implement sections 245.61 to 245.69.

Sec. 21. Minnesota Statutes 1978, Section 245.84, Subdivision 1, is amended to read:

245.84 [AUTHORIZATION TO MAKE GRANTS.] Subdivision 1. The ~~commissioner~~ county board is authorized to make grants from the general fund in the state treasury community social service fund to any municipality, ~~county~~, corporation or combination thereof for the cost of providing technical assistance and child care services as the ~~commissioner~~ board deems necessary or proper to carry out the purposes of sections 245.83 to 245.87.

The ~~commissioner~~ board is further authorized to make grants to any municipality, ~~county~~, incorporated licensed child care facility, or corporation or combination thereof for any of the following purposes:

(a) For creating new licensed day care facilities and expanding existing facilities including, but not limited to, supplies, equipment, and facility renovation and remodeling;

(b) For improving licensed day care facility programs, including, but not limited to, staff specialists, staff training, supplies, equipment, and facility renovation and remodeling;

(c) For supportive child development services including, but not limited to, inservice training, curriculum development, consulting specialist, resource centers, and program and resource materials;

(d) For carrying out programs including, but not limited to, staff, supplies, equipment, facility renovation, and training; and,

(e) For interim financing.

Sec. 22. Minnesota Statutes 1978, Section 245.84, Subdivision 5, is amended to read:

Subd. 5. The ~~commissioner~~ county shall ~~annually~~ biennially develop a plan for the distribution of funds for child care services as part of the community social services plan prescribed in section 6. All licensed child care programs shall be given written notice concerning the availability of funds and the application process.

Sec. 23. Minnesota Statutes 1978, Section 245.85, is amended to read:

245.85 [TERMINATION OF ALL OR PART OF A GRANT.] The ~~commissioner~~ county board shall supervise and coordinate all

child care services and programs for which a grant has been made pursuant to sections 245.83 to 245.87, and shall endeavor insofar as possible to establish a set of program standards and uniform regulations to coordinate child care services and programs at the state and local level. The commissioner board shall, from time to time, review the budgets, expenditures and development of each child care service and program to which a grant has been made pursuant to sections 245.83 to 245.87. If the commissioner determines that any portion of the grants made to establish and operate a child care service or a program are no longer needed, that local support is not available to finance the local share of the cost of such service or programs, or that such service or programs do not comply with the rules, regulations, standards or requirements of the commissioner, the commissioner may, upon 30 days notice, withdraw any funds not allocated prior to the delivery of such notice and cancel the grant to the extent of such withdrawal.

Funds for each year of the biennium which have not been granted by the end of the sixth month of that year may be allocated without regard to restrictions set forth in section 245.87.

Sec. 24. Minnesota Statutes 1978, Section 245.87, is amended to read:

245.87 [ALLOCATIONS.] For the purposes of sections 245.83 to 245.87 section 245.84, subdivision 2 grants shall be distributed between the metropolitan area, comprising the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, and the area outside the metropolitan area so that no more than 55 percent of the total fund goes to either area after excluding allocations for migrant day care services, administrative costs and statewide projects. At least ten percent of the total program allocation shall be designated for interim financing. The commissioner is further instructed that the allocation in each area be based on a need and population basis.

Sec. 25. Minnesota Statutes 1978, Section 252.21, is amended to read:

252.21 [COUNTY BOARDS MAY MAKE GRANTS FOR DEVELOPMENTAL ACHIEVEMENT CENTERS FOR THE MENTALLY RETARDED AND CEREBRAL PALSIED.] In order to assist in the establishment of developmental achievement centers for the mentally retarded and cerebral palsied, the commissioner of public welfare is county board or boards are hereby authorized and directed to make grants, within the limits of the money appropriated, to those developmental achievement centers for the mentally retarded and cerebral palsied that he shall select.

Sec. 26. Minnesota Statutes 1978, Section 252.22, is amended to read:

252.22 [APPLICANTS FOR ASSISTANCE; TAX LEVY.] Any city, town, county or non-profit corporation or any combination thereof, may apply to the commissioner of public welfare county board for assistance in establishing and operating a developmental

achievement center and program for mentally retarded and cerebral palsied persons. Application for such assistance shall be on forms supplied by the ~~commissioner~~ board. Each applicant shall annually submit to the ~~commissioner~~ board its plan and budget for the next fiscal year. No applicant shall be eligible for a grant hereunder unless its plan and budget have been approved by the ~~commissioner~~ board.

Any city, town, or county is authorized, at the discretion of its governing body, to make grants from special tax revenues or from its general revenue fund to any nonprofit organization, governmental or corporate, within or outside its jurisdiction, that has established a developmental achievement center for the mentally retarded and cerebral palsied. In order to provide necessary funds to establish and operate developmental achievement centers for the mentally retarded and cerebral palsied, the governing body of any city, town, or county may levy annually upon all taxable property in such city, town, or county, a special tax in excess of any statutory or charter limitation but such levy shall not exceed one-sixth of one mill as to any city or town. The governing body of any city, town, or county may make such a levy, where necessary, separate from the general levy. Nothing contained herein shall in any way preclude the use of funds available for this purpose under any existing statute or charter provision relating to cities, towns and counties.

Sec. 27. Minnesota Statutes 1978, Section 252.24, Subdivision 1, is amended to read:

252.24 [DUTIES OF COUNTY BOARDS.] Subdivision 1. [SELECTION OF DEVELOPMENTAL ACHIEVEMENT CENTERS.] The ~~commissioner~~ of public welfare county board shall select those applicants for assistance and grant them assistance, as provided in subdivision 3, whose developmental achievement center location and program is licensed under the provisions of sections 245.781 to 245.813 and 257.175, and in his ~~the board's~~ opinion, best provides daytime activities for mentally retarded and cerebral palsied persons within the state appropriation made available for this purpose.

Sec. 28. Minnesota Statutes 1978, Section 252.24, Subdivision 3, is amended to read:

Subd. 3. [PAYMENT PROCEDURE.] The ~~commissioner~~ of public welfare board at the beginning of each fiscal year, shall allocate available funds to developmental achievement center programs for disbursement during the fiscal year to those centers that have been selected to receive grants and whose plans and budgets have been approved. The ~~commissioner~~ board shall, from time to time during the fiscal year, review the budgets, expenditures and programs of the various centers and if he ~~it~~ determines that any amount of funds are not needed for any particular center to which they were allocated, he ~~it~~ may, after 30 days' notice, withdraw such funds as are unencumbered and reallocate them to other centers. He ~~It~~ may withdraw all funds from any center upon 90 days' notice whose program is not being administered in accordance with its approved plan and budget.

Sec. 29. Minnesota Statutes 1978, Section 252.24, Subdivision 4, is amended to read:

Subd. 4. [FEES.] No grants of assistance to any center shall exceed 60 percent of all its expenditures for (a) salaries, (b) contract facilities and services, (c) operation, maintenance and service costs, (d) rent of an appropriate facility, (e) mortgage or other financial costs specifically approved and authorized by the commissioner of public welfare, (f) other expenditures specifically approved and authorized by the commissioner of public welfare; provided, the grant of assistance to each center shall fund the center's total cost under its approved budget for the fiscal year for transportation to and from the center of persons who fulfill the eligibility requirements of section 252.23, subdivision 1, and who attend the center.

The board of directors of a developmental achievement center may, with the approval of the *county board and the commissioner*, charge a reasonable attendance fee, based on the ability of the mentally retarded or cerebral palsied person, his guardian or family to pay such a fee. No mentally retarded or cerebral palsied person shall be denied participation in the activities of such a center because of an inability to pay such a fee.

Sec. 30. Minnesota Statutes 1978, Section 252.25, is amended to read:

252.25 [BOARD OF DIRECTORS.] Every city, town, ~~county~~ or non-profit corporation, or combination thereof, establishing a developmental achievement center for the mentally retarded and cerebral palsied shall, before it comes under the terms of sections 252.21 to 252.26, appoint a board of directors for the center program. When any city, ~~or town or county~~ singly establishes such a center, such board shall be appointed by the chief executive officer of the city or the chairman of the governing board of the ~~county or town~~. When any combination of cities, towns, ~~counties~~ or non-profit corporations, establishes such a center, the chief executive officers of the cities or non-profit corporations and the chairman of the governing bodies of the ~~counties or towns~~ shall appoint the board of directors. If a non-profit corporation singly establishes such a center, its chief executive officer shall appoint the board of directors of the center. Membership on a board of directors while not mandatory, should be representative of local health, education and welfare departments, medical societies, mental health centers, associations concerned with mental retardation and cerebral palsy, civic groups and the general public. Nothing in sections 252.21 to 252.26 shall be construed to preclude the appointment of elected or appointed public officials or members of the board of directors of the sponsoring non-profit corporation to such board of directors.

Sec. 31. Minnesota Statutes 1978, Section 252.26, is amended to read:

252.26 [DUTIES OF BOARD OF DIRECTORS.] Subject to the provisions of sections 252.21 to 252.26 and the rules of the

commissioner of public welfare, each board of directors of a developmental achievement center shall:

(1) Recruit and promote financial support for the center from sources such as business, labor, industrial and private foundations, voluntary agencies, and the general public;

(2) Promote and enter into working agreements with other social service and educational agencies, both public and private, which provide service to the mentally retarded and cerebral palsied;

(3) Advise the ~~commissioner of public welfare~~ *county board* on the adoption and implementation of policies to stimulate effective community relations;

(4) Review the annual budget and plan of the center and make recommendations thereon;

(5) Review and evaluate periodically the services provided by the center and report thereon to the ~~commissioner of public welfare~~ *county board*, and when indicated to the public;

(6) Provide for transportation to and from the center of all persons who fulfill the eligibility requirements of section 252.23, clause (1) and who attend the center, if provision for this transportation is not unreasonably burdensome to the center and if a more efficient, reasonable, alternative means of transportation does not exist.

Sec. 32. Minnesota Statutes 1978, Section 252.261, is amended to read:

252.261 [EXISTENCE.] Any daytime activity center in existence on September 1, 1977 shall be deemed to be a developmental achievement center for the purposes of ~~Laws 1977, Chapter 337, Sections 1 to 7~~ *sections 252.21 to 252.26*.

Sec. 33. Minnesota Statutes 1978, Section 253A.02, is amended by adding a subdivision to read:

Subd. 23. "Designated agency" means an agency selected by the county board to provide the services under Minnesota Statutes, Chapter 253A.

Sec. 34. Minnesota Statutes 1978, Section 253A.07, Subdivision 1, is amended to read:

253A.07 [JUDICIAL COMMITMENT.] Subdivision 1. Any interested person may file in the probate court of the county of the proposed patient's settlement or presence a petition for commitment of a proposed patient, setting forth the name and address of the proposed patient, the name and address of his nearest relatives, and the reasons for the petition. Such petition shall be accompanied either by a written statement by a licensed physician stating that he has examined the proposed patient and is of the opinion that the proposed patient may be mentally ill, mentally deficient, or inebriate, and should be hospitalized, or by a written statement by the petitioner that, after reasonable effort, the peti-

tioner has been unable to obtain an examination by a licensed physician or that an examination could not be performed. Before filing, a copy of the petition shall be delivered by the petitioner to the ~~county welfare department~~ *designated agency*.

Sec. 35. Minnesota Statutes 1978, Section 253A.07, Subdivision 7, is amended to read:

Subd. 7. The probate court shall direct the ~~county welfare department~~ *designated agency* to make an investigation into the financial circumstances, family relationships, residence, social history, and background of such patient and make a report thereof in writing to be filed with the court for the use and guidance of the head of the hospital to which such person may be committed. The court may require that such report be filed prior to the commitment hearing.

Sec. 36. Minnesota Statutes 1978, Section 253A.09, Subdivision 1, is amended to read:

253A.09 [TRANSPORTATION.] Subdivision 1. Whenever an individual is about to be placed in a hospital or public health facility under the terms of sections 253A.01 to 253A.21, the court may by order:

(a) Upon the request of an interested person, authorize the ~~county welfare department~~ *designated agency* to arrange for the individual's transportation to the hospital with appropriate medical or nursing attendants, and by such means as may be suitable for the individual's condition. The person making the request shall be liable for the cost of such transportation.

(b) Authorize ~~county welfare department~~ *the designated agency* or public health facility personnel to transport the individual to the designated facility if the head of the ~~welfare department~~ *designated agency* or health facility has advised the court that such personnel are available for the purpose.

(c) Authorize an interested or any other responsible person to transport the individual to the designated facility.

(d) Authorize a peace officer to transport the individual to the hospital or public health facility. Unless otherwise ordered by the court, the peace officer shall not be in uniform and shall use a motor vehicle not visibly marked as a police vehicle.

Sec. 37. Minnesota Statutes 1978, Section 253A.10, Subdivision 4, is amended to read:

Subd. 4. The ~~county welfare board~~ *designated agency* shall take such reasonable measures, including provision for medical treatment, as may be necessary to assure proper care and treatment of a person temporarily detained pursuant to this section.

Sec. 38. Minnesota Statutes 1978, Section 253A.14, Subdivision 1, is amended to read:

253A.14 [TRANSFER.] Subdivision 1. The commissioner may transfer any patient who is committed by probate court as men-

tally ill, mentally deficient, or inebriate from one state hospital or institution to any other hospital or other institution under his jurisdiction which is capable of providing such patient proper care and treatment, unless such patient was found by the committing court to be dangerous to the public or to have a psychopathic personality. Whenever a patient is transferred from one hospital to another written notice shall be given to the probate court if the patient was committed under sections 253A.01 to 253A.21, and to his parent or spouse or, if none be known, to an interested person, and the county welfare board *designated agency*.

Sec. 39. Minnesota Statutes 1978, Section 253A.15, Subdivision 6, is amended to read:

Subd. 6. Notice of the expiration of the one year period or of the extended period shall be given by the head of the hospital to the committing court, the commissioner, and the county welfare board *designated agency*.

Sec. 40. Minnesota Statutes 1978, Section 253A.15, Subdivision 11, is amended to read:

Subd. 11. (a) The head of any hospital, prior to the discharge or provisional discharge of any patient committed as mentally ill, mentally deficient, or inebriate, shall notify the patient's spouse, or if there be none, an adult child, or if there be none, the next of kin of the patient, of the proposed discharge date. The notice shall be sent to the last known address of the patient's next of kin by certified mail with return receipt. Further, the notice shall include the following information: (1) the proposed date of discharge or provisional discharge; (2) the date, time and place of the meeting of the staff, who have been treating the patient, to discuss discharge and discharge planning; (3) that the patient will be present at the meeting; (4) that the next of kin may attend the designated staff meeting and present any information relevant to the discharge of the patient. The notice shall be sent to the next of kin at least one week prior to the date designated for the meeting.

(b) The head of any hospital, upon the provisional discharge, partial hospitalization, or release of any patient hospitalized under sections 253A.01 to 253A.21, shall notify the welfare board and in the event the patient is a drug dependent person the community mental health center of the county of such patient's residence *designated agency* before the patient is to leave the hospital. Whenever possible said notice shall be given at least one week before the patient is to leave the hospital. The commissioner shall provide by regulation rule the procedure and methods whereby such patient shall be helped to receive all public assistance benefits provided by state or federal law to which his residence and circumstances entitle him. Such regulations *The rules* shall be uniformly applied in all counties, and all counties shall provide temporary relief whenever necessary to meet the intent of this subdivision.

Sec. 41. Minnesota Statutes 1978, Section 253A.15, Subdivision 12, is amended to read:

Subd. 12. Prior to the date of discharge, provisional discharge, partial hospitalization, or release of any patient hospitalized under sections 253A.01 to 253A.21, the ~~county welfare board~~ *designated agency* of the county of such patient's residence, in cooperation with the head of the hospital where the patient is hospitalized, ~~the director of the community health center service of said area,~~ and the patient's physician, if notified pursuant to subdivision 13, shall establish a continuing plan of after-care services for such patient including a plan for medical and psychiatric treatment, nursing care, vocational assistance, and such other aid as the patient shall need. It shall be the duty of ~~such welfare board~~ *the designated agency* to supervise and assist such patient in finding employment, suitable shelter, and adequate medical and psychiatric treatment, and to aid in his readjustment to the community.

Sec. 42. Minnesota Statutes 1978, Section 253A.15, Subdivision 13, is amended to read:

Subd. 13. In establishing such plan for after-care services the ~~county welfare board~~ *designated agency* shall engage in ~~such~~ consultation with persons or agencies, including any public health nurse and vocational rehabilitation personnel, as is necessary to insure adequate planning for after-care services.

Sec. 43. Minnesota Statutes 1978, Section 254A.05, Subdivision 1, is amended to read:

254A.05 [DUTIES OF ADVISORY COUNCIL.] Subdivision 1. (a) The council shall assist in the formulation of policies and guidelines for the implementation of the commissioner's responsibilities in the area of alcohol and drug abuse.

(b) The council shall advise the commissioner and director on policies, goals, and the operation of the comprehensive state plan for alcohol and drug abuse program services in the state and other matters as directed by the commissioner and director, and shall encourage public understanding and support of the alcohol and drug abuse programs.

(c) The council shall make recommendations to the commissioner regarding ~~grants of federal money to community mental health county boards~~ *under section 254A.07.*

Sec. 44. Minnesota Statutes 1978, Section 254A.07, Subdivision 1, is amended to read:

254A.07 [COMPREHENSIVE PROGRAMS; COORDINATION OF LOCAL PROGRAMS] ~~welfare shall designate the community mental health boards to~~ *(a) county board shall coordinate* all alcohol and other drug abuse services conducted by local agencies, and ~~to~~ *(b)* review all proposed agreements, contracts, plans, and programs in relation to alcohol and other drug abuse prepared by any such local agencies for funding from any local, state or federal governmental sources.

Sec. 45. Minnesota Statutes 1978, Section 254A.07, Subdivision 2, is amended to read:

Subd. 2. The ~~department of public welfare county boards~~ may make grants to ~~community mental health boards~~ for comprehensive programs for prevention, care, and treatment of alcohol and other drug abuse as developed and defined by the state authority. Grants made for programs serving the native American community shall take into account the guidelines established in section 254A.03, subdivision 1, clause (j). Grants may be made for the cost of these comprehensive programs and services whether provided directly by ~~community mental health county boards~~ or by other public and private agencies and organizations, both profit and nonprofit, and individuals, pursuant to contract. Nothing herein shall prevent the state authority from entering into contracts with and making grants to other state agencies for the purpose of providing specific services and programs.

Sec. 46. Minnesota Statutes 1978, Section 254A.08, Subdivision 1, is amended to read:

254A.08 [DETOXIFICATION CENTERS.] Subdivision 1. Every ~~community mental health county~~ board shall provide a detoxification program for drug dependent persons ~~within its area~~. The board may utilize existing treatment programs and other agencies to meet this responsibility.

Sec. 47. Minnesota Statutes 1978, Section 254A.12, is amended to read:

254A.12 [AFFECTED EMPLOYEES.] ~~Participating area County boards shall may~~ enter into one or more purchase of service agreements to provide services to employers to develop personnel practices for prevention of alcoholism and other chemical dependency, and to assist affected employees in gaining access to care through identification and referral services.

Sec. 48. Minnesota Statutes 1978, Section 254A.14, is amended to read:

254A.14 [SERVICES TO YOUTH AND OTHER UNDERSERVED POPULATIONS.] Subdivision 1. [IDENTIFICATION.] ~~Participating area County boards shall may~~ enter into one or more purchase of service agreements to provide services related to the prevention of chemical dependency to persons and groups which have responsibility for, and access to, youth and other underserved populations. The boards ~~shall may~~ also enter into purchase of service agreements to assist youth and other underserved populations in gaining access to care.

Subd. 2. [TREATMENT FACILITIES.] If, as a result of programs authorized under subdivision 1, significant numbers of persons are identified for whom treatment and aftercare programs are not available, ~~participating area county boards~~ may request funds from the commissioner to develop treatment and aftercare capabilities.

Sec. 49. Minnesota Statutes 1978, Section 254A.16, Subdivision 2, is amended to read:

Subd. 2. (a) The commissioner shall provide program guide-

lines and technical assistance to the area county boards in carrying out their responsibilities under sections 254A.12 and 254A.14.

(b) The commissioner shall recommend to the governor and to the legislature means of making the programs funded under sections 254A.031, 254A.12, and 254A.14 wholly or partially self-sustaining.

Sec. 50. [APPROPRIATIONS.] Subdivision 1. [COMMUNITY SOCIAL SERVICE AID FORMULA.] *The money to pay the state aids authorized by section 7, subdivision 1, shall be paid from appropriations to the commissioner of public welfare.*

Subd. 2. [PLANNING GRANTS.] *There is appropriated from the general fund to the commissioner of public welfare for the biennium ending June 30, 1981, the sum of \$300,000 for the purposes of section 7, subdivision 11.*

Subd. 3. [MENTAL HEALTH GRANTS.] *The sum of \$2,000,000 for the biennium ending June 30, 1981, is appropriated to the commissioner of public welfare for the purposes of section 13.*

Sec. 51. [REPEALER.] *Minnesota Statutes 1978, Sections 245.65; 245.651; 245.691; 254A.07, Subdivision 3; 254A.08, Subdivision 3; and 254A.17 are repealed."*

Further, amend the title as follows:

Page 1, line 2, after "services;" insert "requiring the commissioner of public welfare and each board of county commissioners to develop and update biennially a plan relating to the identification, reduction, remedy, and prevention of public social problems; requiring public participation in state and county plan development;"

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

Mr. Tennessen from the Committee on Commerce, to which was referred the following appointment as reported in the Journal for March 15, 1979:

**DEPARTMENT OF COMMERCE
COMMISSIONER OF INSURANCE**

Michael Markman

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Laufenburger moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

H. F. No. 703 for comparison with companion Senate File, reports the following House File was found not identical with its companion Senate File as follows:

GENERAL ORDERS CONSENT CALENDAR CALENDAR

H. F. No.	S. F. No.	H. F. No.	S. F. No.	H. F. No.	S. F. No.
703	776				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H. F. No. 703 be amended as follows:

Page 2, line 10, delete the semicolon

Page 2, line 13, after " "Opinions" insert "on financial statements" are any opinions"

Page 2, lines 14 and 15, delete "on financial statements" are any opinions"

Page 2, line 24, delete "of this act"

Page 5, after line 15, insert:

"Sec. 4. Minnesota Statutes 1978, Section 326.19, Subdivision 2, is amended to read:

Subd. 2. [QUALIFICATIONS.] The license, certified public accountant, shall be granted to any person:

(a) Who has attained the age of 18 years; and

(b) ~~Who is of good moral character; and~~

~~(c)~~ Who holds:

(i) a master's degree with a major in accounting from a college or university that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or who has in the opinion of the board at least an equivalent education, providing at least one year of experience of the type specified in subdivision 4, has been completed; or

(ii) a baccalaureate degree, with a major in accounting, from a college or university that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or whose credits are acceptable to the University of Minnesota for admission to graduate study, or who has in the opinion of the board at least an equivalent education, providing at least two years experience of the type specified in subdivision 4, has been completed; or

(iii) a baccalaureate degree from a college or university that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or whose credits are acceptable to the University of Minnesota for admission to graduate study, or who has in the opinion of the board at least an equivalent education, providing at least three years experience of the type specified in subdivision 4, has been completed; or

(iv) evidence of having completed two or more years of study with passing grade average or above from a college or university

that is fully accredited by the North Central Association of Colleges and Secondary Schools, or an equivalent accrediting association, or whose credits are acceptable to the University of Minnesota for admission to graduate study, or an area vocational-technical school, a Minnesota licensed private vocational school which fulfills the requirements of sections 141.21 to 141.36, or who has in the opinion of the board at least an equivalent education, providing at least five years experience of the type specified in subdivision 4, has been completed; or

(v) a diploma as a graduate of an accredited high school or who has in the opinion of the board at least an equivalent education, providing at least six years experience of the type specified in subdivision 4, has been completed; and

(d) (c) Who has completed successfully an examination in such subjects and at such times, as the board may prescribe in its rules. The examination shall be administered by the board only to a candidate who holds:

(i) a baccalaureate degree with a major in accounting or higher degree, as described in clause (c) (i) or clause (c) (ii) or to persons having at least an equivalent education, or to candidates for such degree providing such candidate is currently registered in his final semester or quarter preceding graduation, or

(ii) a baccalaureate degree, as described in clause (c) (iii), provided at least one year experience of the type specified in subdivision 4, has been completed, or

(iii) evidence of having completed two or more years of study with passing grade average or above from a college, university, area vocational-technical school or a Minnesota licensed private vocational school which fulfills the requirements of sections 141.21 to 141.36, as described in clause (c) (iv), provided at least three years experience of the type specified in subdivision 4, has been completed, or

(iv) a diploma as a graduate of an accredited high school, as described in clause (c) (v), provided at least five years experience of the type specified in subdivision 4, has been completed."

Page 5, line 21, delete "*is of good moral character; and (iv) who*"

Page 9, line 7, delete "*or*" and insert "*of*"

Page 10, lines 13 and 14, delete "*4 of this act*" and insert "*5*"

Page 11, line 10, delete "*of this act*"

Page 13, line 10, delete "*12 of this act*" and insert "*13*"

Page 14, lines 11 and 12, delete "*12 of this act*" and insert "*13*"

Page 14, lines 20, 22, 27, and 29, delete "*12*" and insert "*13*"

Page 15, lines 12 and 13, delete "*12 of this act*" and insert "*13*"

Page 15, line 14, delete "*11*" and insert "*12*"

Page 15, line 16, delete "*such*" and insert "*the*"

Page 15, lines 21 and 22, delete "*12 of this act*" and insert "*13*"

Page 15, line 31, delete "*act*" and insert "*section*"

Page 16, delete lines 3 to 7 and insert:

"Sec. 14. [APPROPRIATION.] *The sum of \$66,000 is appropriated from the general fund to the state board of accountancy to implement sections 1 to 13 of this act, to be available for the fiscal year ending June 30 in the years indicated.*

1980	1981
\$43,500	\$22,500

Sec. 15. [REPEALER.] *Minnesota Statutes 1978, Sections 326.17; 326.18; 326.19; 326.20; 326.21; 326.22; 326.23 are repealed effective July 1, 1982."*

Renumber the sections in sequence

Further, amend the title as follows:

Page 1, line 6, after "326.18;" insert "326.19, Subdivision 2;"

Page 1, line 7, after "sections" insert "; repealing Minnesota Statutes 1978, Sections 326.17 to 326.23"

And when so amended H. F. No. 703 will be identical to S. F. No. 776, and further recommends that H. F. No. 703 be given its second reading and substituted for S. F. No. 776, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S. F. No. 1553 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

SECOND READING OF HOUSE BILLS

H. F. No. 703 was read the second time.

H. F. No. 368 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has discharged its conferees and appointed new conferees to the following House File:

H. F. No. 13: A bill for an act relating to obscenity; prohibiting the showing of obscene motion pictures at drive-in theatres; providing for a hearing in the courts to determine if a motion picture is obscene; prescribing penalties.

The new Conference Committee on the part of the House is as follows: Sherwood, Thiede, Battaglia and Faricy.

The House requests that the Senate discharge its conferees and appoint new conferees.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 18, 1979

Mr. Menning moved that the Senate accede to the request of the House that the Senate conferees on H. F. No. 13 be discharged, and that the Subcommittee on Committees appoint a new Conference Committee on the part of the Senate to act with the Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 1467: A bill for an act relating to state employees; providing for wage and fringe benefits for certain state employees; ratifying collective bargaining agreements; amending Minnesota Statutes 1978, Section 43.01, Subdivision 14; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 16, 17, 23, 24, 25, and by adding subdivisions; 43.122, Subdivision 5; 43.17, Subdivision 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.50, Subdivision 1; 43.51; and 645.44, Subdivision 5.

Six members of the House have been appointed to a Conference Committee on the part of the House as follows: Sieben, M.; Enebo; Pehler; Knickerbocker; Rose and Halberg.

House File No. 1467 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1979

Mr. Coleman moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1467, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Pursuant to Rule 21, Mr. Merriam moved that the following members be excused at 4:30 o'clock p.m. for a Conference Committee on H. F. No. 455:

Messrs. Merriam, Peterson, Mmes. Brataas, Knaak and Staples. The motion prevailed.

Pursuant to Rule 21, Mr. Humphrey moved that the following members be excused at 4:30 o'clock p.m. for a Conference Committee on S. F. No. 1510:

Messrs. Humphrey; Willet; Keefe, S.; Dunn and Chenoweth. The motion prevailed.

Pursuant to Rule 21, Mr. Purfeerst moved that the following members be excused at 4:30 o'clock p.m. for a Conference Committee on H. F. No. 60:

Messrs. Purfeerst, Sikorski and Peterson. The motion prevailed.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused at 4:30 o'clock p.m. for a Conference Committee on H. F. No. 1518:

Messrs. Moe, Kirchner, Perpich, Solon and Spear. The motion prevailed.

Pursuant to Rule 21, Mr. Hanson moved that the following members be excused at 4:30 o'clock p.m. for a Conference Committee on H. F. No. 686:

Messrs. Hanson, Dunn and Anderson. The motion prevailed.

RECESS

Mr. Coleman moved that the Senate do now recess until 7:00 o'clock p.m. The motion prevailed.

The hour of 7:00 o'clock p.m. having arrived, the President called the Senate to order.

MEMBERS EXCUSED

Mr. Frederick was excused from the Session of today until 4:30 o'clock p.m. Mr. McCutcheon was excused from the Session of today at 4:20 o'clock p.m. Mr. Chmielewski was excused from this evening's Session at 7:00 o'clock p.m. Mr. Lessard was excused from this evening's Session from 7:15 to 7:45 o'clock p.m.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Ashbach	Gearly	Luther	Purfeerst	Ueland, A.
Benedict	Gunderson	Menning	Rued	Ulland, J.
Bernhagen	Hughes	Merriam	Schaaf	Vega
Coleman	Kleinbaum	Nelson	Schmitz	Wegener
Davies	Knaak	Nichols	Stokowski	Willet
Dieterich	Knoll	Olhoff	Strand	
Dunn	Knutson	Penny	Stumpf	
Engler	Laufenburger	Pillsbury	Tennessee	

The Sergeant at Arms was instructed to bring in the absent members.

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Laufenburger moved that S. F. No. 1390, No. 47 on General Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Mr. Humphrey moved that S. F. No. 657, No. 14 on General Orders, be stricken and re-referred to the Committee on Energy and Housing. The motion prevailed.

Mr. Stumpf moved that S. F. No. 846, No. 6 on General Orders, be stricken and re-referred to the Committee on Local Government. The motion prevailed.

Mr. Schmitz moved that S. F. No. 1184, No. 12 on General Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Pursuant to Rule 21, Mr. Tennesen moved that the following members be excused at 7:00 o'clock p.m. for a Conference Committee on H. F. No. 738:

Messrs. Tennesen; Keefe, J. and Davies. The motion prevailed.

Pursuant to Rule 21, Mr. Humphrey moved that the following members be excused for a Conference Committee on H. F. No. 261:

Messrs. Humphrey, Anderson, Chenoweth, Ogdahl and Knoll. The motion prevailed.

Pursuant to Rule 21, Mr. Humphrey moved that the following members be excused at 7:00 o'clock p.m. for a Conference Committee on S. F. No. 1510:

Messrs. Humphrey; Keefe, S.; Willet; Dunn and Chenoweth. The motion prevailed.

Pursuant to Rule 21, Mr. Merriam moved that the following members be excused at 7:00 o'clock p.m. for a Conference Committee on H. F. No. 223:

Messrs. Merriam, Hughes, Anderson, Dieterich and Dunn. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Reports of Committees.

**REPORTS OF COMMITTEES
APPOINTMENTS**

Mr. Coleman from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H. F. No. 1467: Messrs. Coleman, Gearty, Nelson, Chenoweth and Ashbach.

Mr. Willet moved that the foregoing appointments be approved. The motion prevailed.

Mr. Coleman from the Committee on Rules and Administration, to which was referred

House Concurrent Resolution No. 5: A House concurrent resolution relating to violence and vandalism in Stearns and Pope Counties along the route of a new powerline.

Reports the same back with the recommendation that the resolution be adopted.

Mr. Willet moved the foregoing committee report be laid on the table. The motion prevailed.

Pursuant to Rule 21, Mr. Luther moved that the following members be excused at 8:00 o'clock p.m. for a Conference Committee on S. F. No. 801:

Messrs. Luther, Knutson and Willet. The motion prevailed.

Pursuant to Rule 21, Mr. Hanson moved that the following members be excused at 8:00 o'clock p.m. for a Conference Committee on H. F. No. 257:

Messrs. Hanson, McCutcheon, Stokowski, Davies and Humphrey. The motion prevailed.

Pursuant to Rule 21, Mr. Luther moved that the following members be excused at 8:00 o'clock p.m. for a Conference Committee on S. F. No. 129:

Messrs. Dieterich, Pillsbury, Sikorski, Schaaf and Luther. The motion prevailed.

Pursuant to Rule 21, Mr. McCutcheon moved that the following members be excused at 10:00 o'clock p.m. for a Conference Committee on H. F. No. 1495:

Messrs. McCutcheon, Hanson, Stokowski, Sillers and Johnson. The motion prevailed.

Pursuant to Rule 21, Mr. Coleman moved that the following members be excused for a Conference Committee on H. F. No. 1467:

Messrs. Coleman, Gearty, Nelson, Ashbach and Chenoweth. The motion prevailed.

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

SPECIAL ORDER

H. F. No. 990: A bill for an act relating to energy; clarifying the procedures for declaring an energy emergency; prescribing the

powers of the governor and executive council in an emergency; providing for the issuance of emergency rules by the director of the energy agency; prescribing additional elements of the energy emergency conservation and allocation plan; providing for earth sheltered construction zoning variances; prohibiting local governments from banning earth sheltered construction; requiring certain building energy reports and audits; providing for an adult and post-secondary energy education plan; limiting the time for application for certain variances; providing a method for determining certain efficiencies for air conditioners; providing partial funding to school districts, municipalities and counties for energy audits and energy conservation measures; requiring the commissioner of administration to prepare plans for new buildings that utilize alternative energy sources; establishing a state building solar demonstration program; requiring notice to the Minnesota energy agency of the proposed discontinuance of municipal steam heat systems; appropriating funds to the energy agency for various energy related purposes; prescribing a penalty; authorizing a weatherization program for low-income persons; amending Minnesota Statutes 1978, Sections 12.02, Subdivision 1; 12.03, Subdivision 4, and by adding a subdivision; 12.21, Subdivisions 1 and 3, and by adding a subdivision; 12.28; 12.32; 16.32, by adding a subdivision; 116H.02, Subdivisions 3 and 5, and by adding subdivisions; 116H.08; 116H.09, Subdivisions 1, 4, and 5; 116H.11; 116H.12, Subdivisions 1a, 1b, 3a, 3b, and 10; 116H.122; 116H.123; 116H.124; 116H.126; 116H.13; 116H.15; 120.78, Subdivision 1; 325.989, by adding a subdivision; 394.25, Subdivision 3; 394.27, Subdivision 7; 451.09; 462.357, Subdivisions 1 and 6; 462A.02, by adding a subdivision; and Chapter 116H, by adding a section; and Chapter 268, by adding a section; repealing Minnesota Statutes 1978, Section 116H.125.

CALL OF THE SENATE

Mr. Anderson imposed a call of the Senate. The following Senators answered to their names:

Anderson	Kleinbaum	Ogdahl	Renneke	Strand
Benedict	Knaak	Olhoft	Rued	Stumpf
Bernhagen	Knoll	Olson	Schaaf	Ueland, A.
Engler	Knutson	Penny	Schmitz	Vega
Gunderson	Lessard	Peterson	Sieloff	Willet
Johnson	Luther	Pillsbury	Staples	
Keefe, S.	Menning	Purfeerst	Stokowski	

The Sergeant at Arms was instructed to bring in the absent members.

Mr. Olhoft moved to amend H. F. No. 990, the unofficial engrossment, as follows:

Page 10, delete Section 11 and insert:

"Sec. 11. The energy agency shall construct and operate a small scale pilot plant for the production of ethanol. The plant shall operate and produce ethanol from more than one resource, though not necessarily simultaneously. One of the resources must be agricultural, forest, or wetland residue such as but not limited

to corn stalks, straw, cattails, or timber slash. The pilot plant shall be portable and demonstrated around the state with literature explaining the process and illustrating possible designs for plants producing 1 million gallons per year or less. The plant shall operate for at least two years. This plant shall be instrumented and monitored, and tests shall be conducted on internal combustion engine(s) to provide horsepower, fuel consumption and other related data for the ethanol produced. A final report shall be provided by the Minnesota energy agency. An interim report shall be provided to the legislature in January, 1982. The agency may accept grants for the purposes of this section."

Page 12, line 6, delete "\$10,000" and insert "\$64,000"

Page 12, after line 9 insert:

"(j) Perform subscale and system tests for effective hydrolysis process development \$65,000

(k) Publish pamphlets and reports on the information resulting from the operation of the pilot plant for the production of ethanol \$8,000"

Page 12, delete lines 16 to 30

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Knaak	Penny	Schmitz	Ueland, A.
Benedict	Knoll	Peterson	Setzepfandt	Ulland, J.
Bernhagen	Lessard	Purfeerst	Sieloff	Vega
Engler	Luther	Renneke	Staples	Wegener
Gunderson	Menning	Rued	Strand	
Johnson	Oihoft	Schaaf	Stumpf	

Messrs. Ogdahl and Pillsbury voted in the negative.

The motion prevailed. So the amendment was adopted.

Mr. Anderson moved to amend H. F. No. 990, the unofficial engrossment, as follows:

Page 1, after line 20, insert:

"Section 1. Minnesota Statutes 1978, Section 16.851, is amended to read:

16.851 [STATE BUILDING CODE; APPLICATION AND ENFORCEMENT.] Subdivision 1. *Except as otherwise provided in this subdivision*, the state building code shall apply state-wide and supersede the building code of any municipality. *The code shall not apply to:*

(a) *Single family dwellings constructed by the owner for his own residence and not for resale in the ordinary course of trade, upon resolution adopted by the governing body of a municipality that did not adopt or enforce the state building code prior to July 1, 1977. A municipality's resolution shall be final unless 5% or more of*

the resident voters of the municipality who voted for governor at the last general election petition the governing body of the municipality for a referendum to reverse the resolution of the municipality on the question of application of the state building code. The petition must be submitted within 90 days of the final date of the municipality's resolution. Upon receipt and verification of the petition, a referendum shall be conducted at a general or special election in the municipality, and a majority of those voting must vote for reversal; and The state building code shall not apply to agricultural buildings except with respect to state inspections required or rulemaking authorized by sections 104.05, 326.244 and 116H.12, subdivision 4. Effective July 1, 1977, or as soon thereafter as possible, but in no event later than July 1, 1978, all municipalities shall adopt and enforce the state building code with respect to new construction within their respective jurisdictions. If a city has adopted or is enforcing the state building code on the effective date of Laws 1977, Chapter 381, or determines by ordinance thereafter to undertake enforcement, it shall be charged with enforcement of the code within the city.

(b) Agricultural buildings except with respect to inspections required or rulemaking authorized by sections 104.05 and 326.244.

Subd. 2. The state building code shall be enforced as provided in this subdivision.

(a) If the municipality adopted or enforced the state building code before July 1, 1977, it shall be charged with proper enforcement of the code within the municipality.

(b) A municipality that adopted or enforced all or a portion of the state building code on or after July 1, 1977, may choose by resolution to permit the state to enforce the code within its jurisdiction. A municipality that elects not to have the state enforce the code shall be charged with proper enforcement of the code. The decision on enforcement shall be made by January 1, 1980.

Subd. 3. A city may by ordinance extend the enforcement of the code to contiguous unincorporated territory not more than two miles distant from its corporate limits in any direction; provided that where two or more non-contiguous cities which have elected to enforce the code have boundaries less than four miles apart, each is authorized to enforce the code on its side of a line equidistant between them. Once enforcement authority is extended extraterritorially by ordinance, the authority may continue to be exercised in the designated territory even though another city less than four miles distant later elects to enforce the code. Any city may thereafter enforce the code in the designated area to the same extent as if such property were situated within its corporate limits. A city which, on may not enforce the code after the effective date of Laws 1977, Chapter 381, has not adopted the code may not commence enforcement of the code within or this section outside of its jurisdiction until it has provided written notice to the commissioner, the county auditor, and the town clerk of each town in which it intends to enforce the code. A public hearing on the proposed enforcement

must be held not less than 30 days after the notice has been provided. Enforcement of the code by the city will commence on the first day of January in the year following the notice and hearing. Municipalities may provide for the issuance of permits, inspection and enforcement within their jurisdictions by such means as may be convenient, and lawful, including by means of contracts with other municipalities pursuant to section 471.59, and with qualified individuals. In areas outside of the enforcement authority of a city, the fee charged for the issuance of permits and inspections for single family dwellings may not exceed the greater of \$100 or .005 times the value of the structure, addition or alteration. The other municipalities or qualified individuals may be reimbursed by retention or remission of some or all of the building permit fee collected or by other means. In areas of the state where inspection and enforcement is unavailable from qualified employees of municipalities, it shall be the responsibility of the commissioner to train and designate individuals available to carry out inspection and enforcement on a fee basis.

Subd. 2 4. If the commissioner determines that a municipality is not properly administering and enforcing the state building code as provided in section 16.867, or a municipality has chosen not to enforce the code pursuant to subdivision 2(b), the commissioner may shall cause administration and enforcement in the involved municipality to be undertaken by the state building inspector.

In municipalities not properly administering and enforcing the state building code, the commissioner shall notify the affected municipality in writing immediately upon making the determination, and the municipality may challenge the determination as a contested case before the commissioner pursuant to the administrative procedure act. In municipalities not properly administering and enforcing the state building code, and municipalities who determine not to administer and enforce the state building code. The commissioner shall cause administration and enforcement in the involved municipality to be undertaken by the state building inspector or other inspector certified by the state. The state building inspector, with the approval of the commissioner, may direct a municipality having a building official to perform services for another municipality or may appoint state employees, or state agencies to perform the duties of building officials. The commissioner shall determine appropriate fees to be charged for the administration and enforcement service rendered. Any cost to the state arising from the state administration and enforcement of the state building code shall be borne by the subject municipality.

If the commissioner enforces the state building code in a municipality that chooses not to enforce the code, pursuant to subdivision 2(b), appropriate fees determined by the commissioner of administration may be charged to the property owners for inspections and other services performed in enforcing the state building code. Fees arising from the duties performed shall be paid into the state treasury and credited to the general fund.

Sec. 2. Minnesota Statutes 1978, Section 16.861, Subdivision 1, is amended to read:

16.861 [BUILDING OFFICIALS.] Subdivision 1. [APPOINTMENTS.] Not later than 90 days prior to July 1, 1972, the governing body of each municipality shall, unless other means are already provided, appoint a person to administer the code who shall be known as building official. *The governing body of a municipality that is required to enforce the code or which chooses to enforce the code, shall appoint a building official.* Two or more municipalities may combine in the appointment of a single building official for the purpose of administering the provisions of the code within their communities. *In those municipalities for which no building officials have been appointed by the designated date if a municipality that is required to enforce the code fails to appoint a building official as required by this subdivision, the state building inspector, with the approval of the commissioner, may appoint building officials to serve said municipalities that municipality until such time as the municipalities have made the municipality makes an appointment.* If the state building inspector is unable to make such appointment he may use such state employees or state agencies as are necessary to perform the duties of the building official. All costs incurred by virtue of an appointment by the state building inspector or services rendered by state employees shall be borne by the involved municipality. Receipts arising therefrom shall be paid into the state treasury and credited to the general fund.

Sec. 3. Minnesota Statutes 1978, Section 16.861, Subdivision 4, is amended to read:

Subd. 4. [DUTIES.] Building officials shall, in the municipality for which they are appointed, attend to all aspects of code administration, including the issuance of all building permits and the inspection of all mobile home installations. The commissioner may direct a municipality having a building official to perform services for another municipality, and in such event the municipality being served shall pay the municipality rendering such services the reasonable costs thereof. Such costs may be subject to approval by the commissioner.

A municipality that chooses to enforce the state building code after July 1, 1977 may by majority vote of its governing body permit the use of ungraded Minnesota lumber in conventional construction of single family residential buildings and accessory buildings within its jurisdiction if the lumber has been inspected by a building official who has successfully completed an approved course in softwood lumber grading.

Sec. 4. Minnesota Statutes 1978, Section 16.861, is amended by adding a subdivision to read:

Subd. 7. [TRAINING.] *The commissioner of administration shall prepare a list of approved courses in softwood lumber grading. In cooperation with the University of Minnesota the commissioner shall develop and administer a course in softwood lumber grading using nationally accepted standards.*

Any municipal building official who has successfully completed an approved course in softwood lumber grading is eligible for full

tuition reimbursement and a per diem of \$35 from the commissioner of administration for each day of attendance at the course, provided that no more than ten municipal building officials from any one county are to be eligible for the reimbursement during any five year period. The course must be taken after November 1, 1978, to be eligible for reimbursement.

Sec. 5. Minnesota Statutes 1978, Section 16.866, Subdivision 1, is amended to read:

16.866 [SURCHARGE.] Subdivision 1. [COMPUTATION.] For the purpose of defraying the costs of administering the provisions of sections 16.83 to 16.867, there is hereby imposed a surcharge on all permits issued by municipalities *enforcing the state building code* in connection with the construction of or addition or alteration to, buildings and equipment or appurtenances, ~~on and after July 1, 1971,~~ as follows:

Where the fee for the permit issued is fixed in amount the surcharge shall be equivalent to $\frac{1}{2}$ mill (.0005) of such fee or 50 cents, whichever amount is greater. For all other permits, the surcharge shall be equivalent to $\frac{1}{2}$ mill (.0005) of the valuation of the structure, addition or alteration. Provided however, that where the valuation of the structure, addition, or alteration is equal to or greater than \$1,000,000 but less than \$10,000,000, the surcharge shall be \$1,000, where said valuation is equal to or greater than \$10,000,000 but less than \$20,000,000 the surcharge shall be \$1,500 and where said valuation is equal to or greater than \$20,000,000 the surcharge shall be \$2,000.

By September 1 of each odd numbered year beginning in 1979, the commissioner shall rebate to *those municipalities enforcing the state building code* any money received pursuant to this section and section 16.851 in the previous biennium in excess of the cost to the building code division in that biennium of carrying out their duties under sections 16.83 to 16.867. The rebate to each municipality shall be in proportion to the amount of the surcharges collected by that municipality and remitted to the state.

Sec. 6. Minnesota Statutes 1978, Section 327A.01, Subdivision 2, is amended to read:

Subd. 2. "Building standards" means the *state building code and any additional* structural, mechanical, electrical, and quality standards of the home building industry for the geographic area in which the dwelling is situated.

Sec. 7. [APPROPRIATIONS.] Subdivision 1. *The sum of \$50,000 is appropriated from the general fund to the commissioner of administration for the purposes of section 4 to be available until June 30, 1981.*

Subd. 2. *The sum of \$500,000 is appropriated from the general fund to the commissioner of administration for the purposes of section 1, subdivision 4, for the biennium ending June 30, 1981. The approved complement of the department is increased by 10 unclassified positions.*

Sec. 8. Laws 1978, Chapter 786, Section 22, is repealed.

Sec. 9. A law enacted at the 1979 session and identified as session senate file no. 549, section 2, is repealed.

Sec. 10. Section 7 of this act is effective July 1, 1979. The remainder of this act is effective the day following its final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon insert "relating to the state building code; restricting statewide application of certain provisions; requiring builders to construct homes in compliance with the building code; permitting the use of ungraded Minnesota lumber in certain jurisdictions; providing for courses on lumber grading; providing tuition reimbursement and per diem for building officials;"

Page 1, line 15, after "Sections" insert "16.851; 16.861, Subdivisions 1 and 4, and by adding a subdivision; 16.866, Subdivision 1;"

Page 1, line 16, after "1;" insert "327A.01, Subdivision 2;"

Page 1, line 18, before the period, insert "; repealing Laws 1978, Chapter 786, Section 22; and Senate File 549, Section 2, of the 1979 session."

Mr. Willet requested division of the amendment as follows:

First portion:

Page 1, after line 20, insert:

"Section 1. Minnesota Statutes 1978, Section 16.851, is amended to read:

16.851 [STATE BUILDING CODE; APPLICATION AND ENFORCEMENT.] Subdivision 1. *Except as otherwise provided in this subdivision, the state building code shall apply state-wide and supersede the building code of any municipality. The code shall not apply to:*

(a) Single family dwellings constructed by the owner for his own residence and not for resale in the ordinary course of trade, upon resolution adopted by the governing body of a municipality that did not adopt or enforce the state building code prior to July 1, 1977. A municipality's resolution shall be final unless 5% or more of the resident voters of the municipality who voted for governor at the last general election petition the governing body of the municipality for a referendum to reverse the resolution of the municipality on the question of application of the state building code. The petition must be submitted within 90 days of the final date of the municipality's resolution. Upon receipt and verification of the petition, a referendum shall be conducted at a general or special election in the municipality, and a majority of those voting must vote for reversal; and ~~The state building code~~

shall not apply to agricultural buildings, except with respect to state inspections required or rulemaking authorized by sections 104.05; 326.244 and 116H.12, subdivision 4. Effective July 1, 1977, or as soon thereafter as possible, but in no event later than July 1, 1978, all municipalities shall adopt and enforce the state building code with respect to new construction within their respective jurisdictions. If a city has adopted or is enforcing the state building code on the effective date of Laws 1977, Chapter 381, or determines by ordinance thereafter to undertake enforcement, it shall be charged with enforcement of the code within the city.

(b) Agricultural buildings except with respect to inspections required or rulemaking authorized by sections 104.05 and 326.244.

Subd. 2. The state building code shall be enforced as provided in this subdivision.

(a) If the municipality adopted or enforced the state building code before July 1, 1977, it shall be charged with proper enforcement of the code within the municipality.

(b) A municipality that adopted or enforced all or a portion of the state building code on or after July 1, 1977, may choose by resolution to permit the state to enforce the code within its jurisdiction. A municipality that elects not to have the state enforce the code shall be charged with proper enforcement of the code. The decision on enforcement shall be made by January 1, 1980.

Subd. 3. A city may by ordinance extend the enforcement of the code to contiguous unincorporated territory not more than two miles distant from its corporate limits in any direction; provided that where two or more non-contiguous cities which have elected to enforce the code have boundaries less than four miles apart, each is authorized to enforce the code on its side of a line equidistant between them. Once enforcement authority is extended extraterritorially by ordinance, the authority may continue to be exercised in the designated territory even though another city less than four miles distant later elects to enforce the code. Any city may thereafter enforce the code in the designated area to the same extent as if such property were situated within its corporate limits. A city which, on may not enforce the code after the effective date of Laws 1977, Chapter 381, has not adopted the code may not commence enforcement of the code within or this section outside of its jurisdiction until it has provided written notice to the commissioner, the county auditor, and the town clerk of each town in which it intends to enforce the code. A public hearing on the proposed enforcement must be held not less than 30 days after the notice has been provided. Enforcement of the code by the city will commence on the first day of January in the year following the notice and hearing. Municipalities may provide for the issuance of permits, inspection and enforcement within their jurisdictions by such means as may be convenient, and lawful, including by means of contracts with other municipalities pursuant to section 471.59, and with qualified individuals. In areas outside of the enforcement authority of a city, the fee

charged for the issuance of permits and inspections for single family dwellings may not exceed the greater of \$100 or .005 times the value of the structure, addition or alteration. The other municipalities or qualified individuals may be reimbursed by retention or remission of some or all of the building permit fee collected or by other means. In areas of the state where inspection and enforcement is unavailable from qualified employees of municipalities, it shall be the responsibility of the commissioner to train and designate individuals available to carry out inspection and enforcement on a fee basis.

Subd. 4. If the commissioner determines that a municipality is not properly administering and enforcing the state building code as provided in section 16.867, or a municipality has chosen not to enforce the code pursuant to subdivision 2(b), the commissioner may shall cause administration and enforcement in the involved municipality to be undertaken by the state building inspector.

In municipalities not properly administering and enforcing the state building code, the commissioner shall notify the affected municipality in writing immediately upon making the determination, and the municipality may challenge the determination as a contested case before the commissioner pursuant to the administrative procedure act. In municipalities not properly administering and enforcing the state building code, and municipalities who determine not to administer and enforce the state building code. The commissioner shall cause administration and enforcement in the involved municipality to be undertaken by the state building inspector or other inspector certified by the state. The state building inspector, with the approval of the commissioner, may direct a municipality having a building official to perform services for another municipality or may appoint state employees, or state agencies to perform the duties of building officials. The commissioner shall determine appropriate fees to be charged for the administration and enforcement service rendered. Any cost to the state arising from the state administration and enforcement of the state building code shall be borne by the subject municipality.

If the commissioner enforces the state building code in a municipality that chooses not to enforce the code, pursuant to subdivision 2(b), appropriate fees determined by the commissioner of administration may be charged to the property owners for inspections and other services performed in enforcing the state building code. Fees arising from the duties performed shall be paid into the state treasury and credited to the general fund.

Sec. 2. Minnesota Statutes 1978, Section 16.861, Subdivision 1, is amended to read:

16.861 [BUILDING OFFICIALS.] Subdivision 1. [APPOINTMENTS.] Not later than 90 days prior to July 1, 1972, the governing body of each municipality shall, unless other means are already provided, appoint a person to administer the code who shall be known as building official. *The governing body of a*

municipality that is required to enforce the code or which chooses to enforce the code, shall appoint a building official. Two or more municipalities may combine in the appointment of a single building official for the purpose of administering the provisions of the code within their communities. In those municipalities for which no building officials have been appointed by the designated date if a municipal that is required to enforce the code fails to appoint a building official as required by this subdivision, the state building inspector, with the approval of the commissioner, may appoint building officials to serve said municipalities that municipality until such time as the municipalities have made the municipality makes an appointment. If the state building inspector is unable to make such appointment he may use such state employees or state agencies as are necessary to perform the duties of the building official. All costs incurred by virtue of an appointment by the state building inspector or services rendered by state employees shall be borne by the involved municipality. Receipts arising therefrom shall be paid into the state treasury and credited to the general fund.

Sec. 5. Minnesota Statutes 1978, Section 16.866, Subdivision 1, is amended to read:

16.866 [SURCHARGE.] Subdivision 1. [COMPUTATION.] For the purpose of defraying the costs of administering the provisions of sections 16.83 to 16.867, there is hereby imposed a surcharge on all permits issued by municipalities *enforcing the state building code* in connection with the construction of or addition or alteration to, buildings and equipment or appurtenances, ~~on and~~ after July 1, 1971, as follows:

Where the fee for the permit issued is fixed in amount the surcharge shall be equivalent to $\frac{1}{2}$ mill (.0005) of such fee or 50 cents, whichever amount is greater. For all other permits, the surcharge shall be equivalent to $\frac{1}{2}$ mill (.0005) of the valuation of the structure, addition or alteration. Provided however, that where the valuation of the structure, addition, or alteration is equal to or greater than \$1,000,000 but less than \$10,000,000 the surcharge shall be \$1,000, where said valuation is equal to or greater than \$10,000,000 but less than \$20,000,000 the surcharge shall be \$1,500 and where said valuation is equal to or greater than \$20,000,00 the surcharge shall be \$2,000.

By September 1 of each odd numbered year beginning in 1979, the commissioner shall rebate to *those municipalities enforcing the state building code* any money received pursuant to this section and section 16.851 in the previous biennium in excess of the cost to the building code division in that biennium of carrying out their duties under sections 16.83 to 16.867. The rebate to each municipality shall be in proportion to the amount of the surcharges collected by that municipality and remitted to the state.

Sec. 6. Minnesota Statutes 1978, Section 327A.01, Subdivision 2, is amended to read:

Subd. 2. "Building standards" means the *state building code and any additional* structural, mechanical, electrical, and quality standards of the home building industry for the geographic area in which the dwelling is situated.

Subd. 2. *The sum of \$500,000 is appropriated from the general fund to the commissioner of administration for the purposes of section 1, subdivision 4, for the biennium ending June 30, 1981. The approved complement of the department is increased by 10 unclassified positions.*

Sec. 8. *Laws 1978, Chapter 786, Section 22, is repealed.*

Sec. 9. *A law enacted at the 1979 session and identified as session senate file no. 549, section 2, is repealed.*

Sec. 10. *Section 7 of this act is effective July 1, 1979. The remainder of this act is effective the day following its final enactment."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon insert "relating to the state building code; restricting statewide application of certain provisions; requiring builders to construct homes in compliance with the building code;"

Page 1, line 15, after "Sections" insert "16.851; 16.861, Subdivision 1; 16.866, Subdivision 1;"

Page 1, line 16, after "1;" insert "327A.01, Subdivision 2;"

Page 1, line 18, before the period, insert "; repealing Laws 1978, Chapter 786, Section 22; and Senate File 549, Section 2, of the 1979 session."

Second portion:

Page 1, after line 20, insert:

"Section 1. Minnesota Statutes 1978, Section 16.861, Subdivision 4, is amended to read:

Subd. 4. [DUTIES.] Building officials shall, in the municipality for which they are appointed, attend to all aspects of code administration, including the issuance of all building permits and the inspection of all mobile home installations. The commissioner may direct a municipality having a building official to perform services for another municipality, and in such event the municipality being served shall pay the municipality rendering such services the reasonable costs thereof. Such costs may be subject to approval by the commissioner.

A municipality that chooses to enforce the state building code after July 1, 1977 may by majority vote of its governing body permit the use of ungraded Minnesota lumber in conventional construction of single family residential buildings and accessory buildings within its jurisdiction if the lumber has been inspected by a

building official who has successfully completed an approved course in softwood lumber grading.

Sec. 2. Minnesota Statutes 1978, Section 16.861, is amended by adding a subdivision to read:

Subd. 7. [TRAINING.] The commissioner of administration shall prepare a list of approved courses in softwood lumber grading. In cooperation with the University of Minnesota the commissioner shall develop and administer a course in softwood lumber grading using nationally accepted standards.

Any municipal building official who has successfully completed an approved course in softwood lumber grading is eligible for full tuition reimbursement and a per diem of \$35 from the commissioner of administration for each day of attendance at the course, provided that no more than ten municipal building officials from any one county are to be eligible for the reimbursement during any five year period. The course must be taken after November 1, 1978, to be eligible for reimbursement.

Sec. 3. [APPROPRIATIONS.] Subdivision 1. *The sum of \$50,000 is appropriated from the general fund to the commissioner of administration for the purposes of section 4 to be available until June 30, 1981."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "permitting the use of ungraded Minnesota lumber in certain jurisdictions; providing for courses on lumber grading; providing tuition reimbursement and per diem for building officials;"

Page 1, line 15, after "Sections" insert "16.861, Subdivision 4, and by adding a subdivision;"

The question was taken on the adoption of the first portion of the amendment.

The roll was called, and there were yeas 19 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Dieterich	Knoll	Ogdahl	Spear
Benedict	Gearty	Luther	Pillsbury	Stumpf
Chenoweth	Hughes	McCutcheon	Sillers	Ulland, J.
Coleman	Keefe, S.	Merriam	Solon	

Those who voted in the negative were:

Ashbach	Jensen	Menning	Peterson	Strand
Bernhagen	Johnson	Moe	Purfeerst	Ueland, A.
Brataas	Kirchner	Nelson	Renneke	Vega
Engler	Knaak	Nichols	Rued	Wegener
Frederick	Knutson	Olhoft	Schaaf	Willet
Gunderson	Laufenburger	Olson	Schmitz	
Hanson	Lessard	Penny	Setzepfandt	

The motion did not prevail. So the first portion of the amendment was not adopted.

The question was taken on the second portion of the amendment. The motion prevailed. So the second portion of the amendment was adopted.

H. F. No. 990 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 47 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Merriam	Schaaf	Strand
Bang	Johnson	Moe	Schmitz	Stumpf
Benedict	Keefe, S.	Nichols	Setzepfandt	Ueland, A.
Bernhagen	Kirchner	Ogdahl	Sieloff	Ulland, J.
Brataas	Kleinbaum	Olhoft	Sikorski	Vega
Chenoweth	Knaak	Perpich	Sillers	Wegener
Dieterich	Knoll	Peterson	Solon	Willet
Engler	Laufenburger	Pillsbury	Spear	
Frederick	McCutcheon	Purfeerst	Staples	
Hanson	Menning	Renneke	Stokowski	

Messrs. Gunderson, Lessard, Penny, and Rued voted in the negative.

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

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S. F. No. 130.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

Mr. President:

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

S. F. No. 27: A bill for an act relating to financial institutions; defining reverse mortgage loans; authorizing investments in reverse mortgage loans by certain financial institutions and insurance companies; providing tax deductions for accrued interest on reverse mortgage loans; allowing lenders to include accrued earned interest on such loans in their yearly earned income under certain circumstances; amending Minnesota Statutes 1978, Section 290.09, Subdivision 3; and Chapters 47, by adding a section; and 290, by adding a section.

Senate File No. 27 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

CONCURRENCE AND REPASSAGE

Mr. Kirchner moved that the Senate concur in the amendments by the House to S. F. No. 27 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 27: A bill for an act relating to financial institutions; defining reverse mortgage loans; authorizing investments in reverse mortgage loans by certain financial institutions and insurance companies; providing for disregard of reverse mortgage loan process in determining eligibility or amount of public assistance; providing tax deductions for accrued interest on reverse mortgage loans; allowing lenders to include accrued earned interest on such loans in their yearly earned income under certain circumstances; amending Minnesota Statutes 1978, Chapter 256, by adding a section; Section 290.09, Subdivision 3; and Chapters 47, by adding a section; and 290, by adding a section.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	McCutcheon	Peterson	Solon
Bang	Johnson	Menning	Pillsbury	Staples
Benedict	Kirchner	Merriam	Purfeerst	Strand
Bernhagen	Kleinbaum	Moe	Renneke	Stumpf
Brataas	Knaak	Nichols	Rued	Ueland, A.
Chenoweth	Knoll	Ogdahl	Schaaf	Ulland, J.
Engler	Knutson	Olhoff	Schmitz	Wegener
Frederick	Laufenburger	Olson	Setzepfandt	Willet
Gunderson	Lessard	Penny	Sieloff	
Hanson	Luther	Perpich	Sikorski	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 303: A bill for an act relating to littering; imposing civil liability on the owner of a vehicle from which certain articles and materials are thrown, deposited, or dumped; prescribing procedures, civil damages, and penalties; amending Minnesota Statutes 1978, Chapter 169, by adding a section.

Senate File No. 303 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

CONCURRENCE AND REPASSAGE

Mr. Wegener moved that the Senate concur in the amendments by the House to S. F. No. 303 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 303 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 40 and nays 3, as follows:

Those who voted in the affirmative were:

Bang	Johnson	Moe	Pillsbury	Sikorski
Benedict	Kirchner	Nichols	Purfeerst	Sillers
Bernhagen	Knaak	Ogdahl	Renneke	Solon
Engler	Knutson	Olhoft	Rued	Staples
Frederick	Laufenburger	Olson	Schaaf	Strand
Gunderson	Lessard	Penny	Schmitz	Ueland, A.
Hanson	Luther	Perpich	Setzepfandt	Ulland, J.
Hughes	Menning	Peterson	Sieloff	Vega

Messrs. McCutcheon, Merriam and Stumpf voted in the negative.

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 432: A bill for an act relating to general assistance; eliminating the notarizing requirement for general assistance applications; amending Minnesota Statutes 1978, Section 256D.07.

Senate File No. 432 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

CONCURRENCE AND REPASSAGE

Mr. Olhoft moved that the Senate concur in the amendments by the House to S. F. No. 432 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 432: A bill for an act relating to general assistance and general assistance medical care; eliminating the notarizing requirement for general assistance and general assistance medical care applications; amending Minnesota Statutes 1978, Section 256D.07.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 45 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Johnson	Merriam	Pillsbury	Sillers
Benedict	Kirchner	Moe	Purfeerst	Solon
Bernhagen	Knaak	Nichols	Renneke	Staples
Brataas	Knutson	Ogdahl	Rued	Strand
Engler	Laufenburger	Olhoft	Schaaf	Stumpf
Frederick	Lessard	Olson	Schmitz	Ueland, A.
Gunderson	Luther	Penny	Setzepfandt	Ulland, J.
Hanson	McCutcheon	Perpich	Sieloff	Vega
Hughes	Menning	Peterson	Sikorski	Wegener

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 498: A bill for an act relating to motor vehicles; authorizing the identification of certain tax exempt vehicles by use of removable plates or placards; amending Minnesota Statutes 1978, Section 168.012, Subdivision 1.

Senate File No. 498 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

CONCURRENCE AND REPASSAGE

Mr. Setzepfandt moved that the Senate concur in the amendments by the House to S. F. No. 498 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 498: A bill for an act relating to motor vehicles and motor vehicle carriers; authorizing the identification of certain tax exempt vehicles by use of removable plates or placards; authorizing temporary procedures for transfer of a motor vehicle carrier permit where the health of the transferor impairs his ability to operate under the permit; amending Minnesota Statutes 1978, Section 168.012, Subdivision 1.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 44 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Hughes	Moe	Purfeerst	Solon
Benedict	Johnson	Nichols	Renneke	Staples
Bernhagen	Knaak	Ogdahl	Rued	Strand
Brataas	Laufenburger	Olhoff	Schaaf	Stumpf
Dieterich	Lessard	Olson	Schmitz	Ueland, A.
Engler	Luther	Penny	Setzepfandt	Ulland, J.
Frederick	McCutcheon	Perpich	Sieloff	Vega
Gunderson	Menning	Peterson	Sikorski	Wegener
Hanson	Merriam	Pillsbury	Sillers	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 926: A bill for an act relating to the city of Saint Paul; authorizing the port authority to make certain investments.

Senate File No. 926 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

CONCURRENCE AND REPASSAGE

Mr. McCutcheon moved that the Senate concur in the amendments by the House to S. F. No. 926 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 926: A bill for an act relating to certain political subdivisions; authorizing certain investments; providing a method of purchasing certain equipment.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 46 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Gunderson	Knoll	Merriam	Peterson
Benedict	Hanson	Knutson	Moe	Pillsbury
Bernhagen	Hughes	Laufenburger	Nichols	Purfeerst
Brataas	Johnson	Lessard	Ogdahl	Renneke
Dieterich	Kirchner	Luther	Olhoff	Rued
Engler	Kleinbaum	McCutcheon	Olson	Schaaf
Frederick	Knaak	Menning	Penny	Schmitz

Setzepfandt	Sillers	Staples	Stumpf	Vega
Sieloff	Solon	Strand	Ulland, J.	Wegener
Sikoraki				

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 1002: A bill for an act relating to the city of Duluth; defining construction powers of the Spirit Mountain Area Authority; amending Laws 1973, Chapter 327, Section 5, Subdivision 3.

Senate File No. 1002 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

CONCURRENCE AND REPASSAGE

Mr. Solon moved that the Senate concur in the amendments by the House to S. F. No. 1002 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1002 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Johnson	Merriam	Purfeerst	Staples
Benedict	Kirchner	Moe	Renneke	Strand
Bernhagen	Kleinbaum	Nichols	Rued	Stumpf
Brataas	Knaak	Ogdahl	Schaaf	Ueland, A.
Dieterich	Knoll	Olhoft	Schmitz	Ulland, J.
Engler	Knutson	Olson	Setzepfandt	Vega
Frederick	Laufenburger	Penny	Sieloff	Wegener
Gunderson	Lessard	Perpich	Sikoraki	
Hanson	Luther	Peterson	Sillers	
Hughes	Menning	Pillsbury	Solon	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which

amendments the concurrence of the Senate is respectfully requested:

S. F. No. 1026: A bill for an act relating to welfare; excluding certain payments made to members of Indian tribes from resources considered in determining eligibility for general assistance; amending Minnesota Statutes 1978, Section 256D.08, Subdivision 1.

Senate File No. 1026 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

CONCURRENCE AND REPASSAGE

Mr. Perpich moved that the Senate concur in the amendments by the House to S. F. No. 1026 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1026: A bill for an act relating to welfare; excluding educational grants and loans from income when determining the amount of assistance granted under aid to families with dependent children; excluding certain payments made to members of Indian tribes from resources considered in determining eligibility for general assistance; amending Minnesota Statutes 1978, Sections 256.-74, Subdivision 1 and 256D.08, Subdivision 1.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 46 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Johnson	Nichols	Rued	Strand
Benedict	Kleinbaum	Ogdahl	Schaaf	Stumpf
Bernhagen	Knaak	Olhoft	Schmitz	Ueland, A.
Brataas	Knutson	Olson	Setzepfandt	Ueland, J.
Dieterich	Laufenburger	Penny	Sieloff	Vega
Engler	Lessard	Perpich	Sikorski	Wegener
Frederick	Luther	Peterson	Sillers	
Gunderson	Menning	Pillsbury	Solon	
Hanson	Merriam	Purfeerst	Spear	
Hughes	Moe	Renneke	Staples	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 1191: A bill for an act relating to insurance; providing for changes in the operation and funding of the comprehensive health association; requiring identification of certain insurers; setting premium standards; changing the effective dates of certain mandated benefits; amending Minnesota Statutes 1978, Sections 62E.02, Subdivision 10, and by adding a subdivision; 62E.04, Subdivision 4; 62E.06, Subdivision 1; 62E.08; 62E.10; 62E.11; 62E.13, Subdivision 2; 62E.14, Subdivision 1; and Chapter 62E, by adding a section; repealing Minnesota Statutes 1978, Section 62E.10, Subdivision 5.

Senate File No. 1191 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

CONCURRENCE AND REPASSAGE

Mr. Sikorski moved that the Senate concur in the amendments by the House to S. F. No. 1191 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1191 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Johnson	Merriam	Purfeerst	Spear
Benedict	Kirchner	Moe	Renneke	Staples
Bernhagen	Kleinbaum	Nichols	Rued	Strand
Brataas	Knaak	Ogdahl	Schaaf	Stumpf
Dieterich	Knoll	Olhoff	Schmitz	Ueland, A.
Engler	Knutson	Olson	Setzepfandt	Ulland, J.
Frederick	Laufenburger	Penny	Sieloff	Vega
Gunderson	Lessard	Perpich	Sikorski	Wegener
Hanson	Luther	Peterson	Sillers	
Hughes	Menning	Pillsbury	Solon	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 248 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 248 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 19, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 248

A bill for an act relating to banks and banking; authorizing state banks to lease personal property under certain conditions; amending Minnesota Statutes 1978, Section 48.152.

May 17, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 248, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 248 be further amended as follows:

Page 4, after line 3 insert:

"Sec. 2. Minnesota Statutes 1978, Chapter 50, is amended by adding a section to read:

[50.1465] [SERVICE CORPORATIONS.] *Subdivision 1. In addition to other investments authorized by law, a mutual savings bank may invest in the following:*

The capital stock, obligations, or other securities of any corporation organized under the laws of this state if all or a majority of the capital stock of the corporation is owned by the mutual savings bank, and if substantially all of the activity of the corporation consists of originating, making, purchasing, selling and servicing loans, and participation in loans, secured by real estate including brokerage and warehousing of the real estate loans.

Subd. 2. No mutual savings bank may make any investment under subdivision 1 if its aggregate outstanding investment under this section exceeds three percent of the assets of the mutual savings bank."

Renumber the sections accordingly

Further, amend the title as follows:

Page 1, line 4, after "conditions;" insert "authorizing service corporations for mutual savings banks;"

Page 1, line 5, before the period, insert "; and Chapter 50, by adding a section"

We request adoption of this report and repassage of the bill.

House Conferees (Signed) Al W. Wieser, Steve A. Sviggum,
Bernard J. Brinkman, Stephen G. Wenzel.
Senate Conferees (Signed) Gerry Sikorski, Timothy J. Penny,
Otto T. Bang.

Mr. Sikorski moved that the foregoing recommendations and Conference Committee Report on H. F. No. 248 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 248: A bill for an act relating to banks and banking; authorizing state banks to lease personal property under certain conditions; authorizing service corporations for mutual savings banks; amending Minnesota Statutes 1978, Section 48.152.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Jensen	Menning	Pillsbury	Spear
Benedict	Johnson	Merriam	Purfeerst	Staples
Bernhagen	Kirchner	Moe	Renneke	Stokowski
Brataas	Kleinbaum	Nichols	Rued	Strand
Dieterich	Knaak	Ogdahl	Schaaf	Stumpf
Engler	Knoll	Olhoft	Schmitz	Ueland, A.
Frederick	Knutson	Olson	Setzepfandt	Ulland, J.
Gunderson	Laufenburger	Penny	Sieloff	Vega
Hanson	Lessard	Perpich	Sikorski	Wegener
Hughes	Luther	Peterson	Sillers	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 260 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 260 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 260

A bill for an act relating to health; providing for health planning; requiring certificates of need for construction or modification of certain health care facilities and services; repealing Minnesota Statutes 1978, Sections 145.71 to 145.831.

May 18, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 260, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 260 be further amended as follows:

Page 1, line 14, delete "13" and insert "14"

Page 1, line 22, delete "13" and insert "14"

Page 2, line 5, delete "13" and insert "14"

Page 2, line 8, delete "13" and insert "14"

Page 2, line 25, after "diagnostic" insert ", treatment"

Page 4, line 1, delete "13" and insert "14"

Page 4, line 17, delete "13" and insert "14"

Page 4, line 19, delete "13" and insert "14"

Page 4, line 22, after "300k" insert ", et seq."

Page 4, line 26, delete "13" and insert "14"

Page 5, line 23, delete ";" and insert ","

Page 5, delete line 24 and insert "estate, a partnership, a corporation (including"

Page 5, delete lines 26 and 27 and insert "companies), a state or political subdivision or instrumentality (including a municipal corporation) of the"

Page 6, line 1, delete "13" and insert "14"

Page 6, line 3, after "and" insert "Resource"

Page 6, line 4, after "300k" insert ", et seq."

Page 6, line 7, delete "13" and insert "14"

Page 6, line 11, delete "13" and insert "14"

Page 7, line 5, delete "13" and insert "14"

Page 8, line 1, delete "13" and insert "14"

Page 8, line 7, delete "13" and insert "14"

Page 8, line 11, delete "13" and insert "14"

Page 8, line 31, delete "13" and insert "14"

Page 11, line 25, delete "13" and insert "14"

Page 13, delete lines 9 to 17 and insert

“(1) The special needs of hospitals to convert excess hospital beds to long-term care or other alternate functions, but only if the hospitals terminate all acute care services; and

(m) The special requirements of health maintenance organizations to meet the health care needs of their present and future subscribers.”

Page 14, line 13, delete “13” and insert “14”

Page 15, line 11, delete “1” and insert “2”

Page 17, line 21, delete “13” and insert “14”

Page 17, after line 23, insert

“Sec. 9. [145.84] [PERIODIC REPORTS.] The commissioner of health shall, by rule, require health care facilities, upon completion of a construction or modification for which a certificate of need was issued, to furnish financial information which compares actual costs of the construction or modification with those estimated costs used in the application for a certificate.”

Page 17, line 30, delete “13” and insert “14”

Page 18, line 19, delete “[144.844]” and insert “[145.844]”

Page 18, line 20, delete “11” and insert “12”

Page 18, line 31, after “300k” insert “, et seq.”

Page 19, line 11, delete “13” and insert “14”

Page 19, line 14, delete “13” and insert “14”

Page 19, after line 18, insert

“Sec. 15. Minnesota Statutes 1978, Chapter 144, is amended by adding a section to read:

[144.7021] [EXEMPT HOSPITALS.] *Subdivision 1. The commissioner of health shall periodically establish a percentage figure for an acceptable increase in hospital gross acute care charges. Any hospital which files with the commissioner an abbreviated projected operating statement and which represents in this statement that it anticipates a percentage increase in annual gross acute care charges less than the figure established by the commissioner shall be exempt from the review of projected annual revenues and expenses authorized by section 144.701, subdivision 2.*

Subd. 2. As part of the income statement in its annual financial report required by section 144.698, each exempted hospital shall include a separate statement of its total hospital gross acute care charges. If any exempted hospital exceeds the figure established by the commissioner, it shall promptly file a rate review request pursuant to section 144.701 or 144.702.

Subd. 3. The available abbreviated projected operating statements of hospitals which are exempted from rate review under this section shall be used in making determinations of the reasonable-

ness of all hospitals' projected increases in revenues and expenses."

Renumber the sections in sequence

Underscore all new text

Further, amend the title as follows:

Page 1, line 5, after the semicolon insert "amending Minnesota Statutes 1978, Chapter 144, by adding a section;"

We request adoption of this report and repassage of the bill.
House Conferees (Signed) Lyndon R. Carlson, Linda L. Berglin,
O. J. (Lon) Heinitz, John R. (Dick) Kaley.
Senate Conferees (Signed) Emily Anne Staples, John B. Keefe,
Tom Nelson.

Mrs. Staples moved that the foregoing recommendations and Conference Committee Report on H. F. No. 260 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 260: A bill for an act relating to health; providing for health planning; requiring certificates of need for construction or modification of certain health care facilities and services; amending Minnesota Statutes 1978, Chapter 144, by adding a section; repealing Minnesota Statutes 1978, Section 145.71 to 145.831.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 43 and nays 6, as follows:

Those who voted in the affirmative were:

Bang	Hanson	Luther	Perpich	Spear
Benedict	Hughes	Menning	Peterson	Staples
Brataas	Johnson	Merriam	Pillsbury	Stokowski
Coleman	Kirchner	Moe	Purfeerst	Strand
Davies	Kleinbaum	Nelson	Schaaf	Stumpf
Dieterich	Knaak	Nichols	Schmitz	Ulland, J.
Engler	Knoll	Ogdahl	Setzepfandt	Vega
Gearty	Laufenburger	Olhoff	Sieloff	
Gunderson	Lessard	Penny	Sikorski	

Those who voted in the negative were:

Bernhagen	Olson	Renneke	Rued	Ueland, A.
Jensen				

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 624 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 624 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 624

A bill for an act relating to counties; fixing the amounts that may be spent for Memorial Day observances; amending Minnesota Statutes 1978, Sections 375.34; and 375.35.

May 18, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 624, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendment.

We request adoption of this report and repassage of the bill.

House Conferees (Signed) Donald L. Friedrich, M. D. Fritz, C. Thomas Osthoff, Richard J. Kostohryz.

Senate Conferees (Signed) Nancy Brataas, Bob Lessard, Peter P. Stumpf.

Mrs. Brataas moved that the foregoing recommendations and Conference Committee Report on H. F. No. 624 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 624: A bill for an act relating to counties; fixing the amounts that may be spent for Memorial Day observances; amending Minnesota Statutes 1978, Sections 375.34; and 375.35.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Hughes	Menning	Peterson	Solon
Benedict	Jensen	Merriam	Pillsbury	Spear
Bernhagen	Johnson	Moe	Purfeerst	Stokowski
Brataas	Kirchner	Nelson	Renneke	Strand
Davies	Kleinbaum	Nichols	Rued	Stumpf
Dieterich	Knaak	Ogdahl	Schaaf	Ueland, A.
Engler	Knoll	Olhoff	Schmitz	Ulland, J.
Gearty	Knutson	Olson	Setzepfandt	Vega
Gunderson	Laufenburger	Penny	Steloff	Wegener
Hanson	Luther	Perpich	Sikorski	

So the bill, as amended by the Conference Committee, was re-passed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 145 and re-passed said bill in accordance with the report of the Committee, so adopted.

House File No. 145 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 145

A bill for an act relating to health; changing requirements for school employee tuberculosis examinations; amending Minnesota Statutes 1978, Section 123.69, Subdivision 1.

May 17, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 145, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendment and that H. F. No. 145 be further amended as follows:

Page 2, after line 16, insert:

“Sec. 2. [EXPIRATION DATE.] *Minnesota Statutes 1978, Section 123.69, expires July 1, 1983.*”

Amend the title as follows:

Page 1, after line 3, insert “providing for an expiration date;”

We request adoption of this report and repassage of the bill.

House Conferees (Signed) Lyndon R. Carlson, James C. Swanson, O. J. Heinitz, William A. Crandall.

Senate Conferees (Signed) Tom Nelson, William G. Kirchner, Jack Davies.

Mr. Nelson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 145 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 145: A bill for an act relating to health; changing requirements for school employee tuberculosis examinations; providing for an expiration date; amending Minnesota Statutes 1978, Section 123.69, Subdivision 1.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Johnson	Moe	Purfeerst	Stokowski
Bang	Keefe, S.	Nelson	Renneke	Strand
Benedict	Kirchner	Nichols	Rued	Stumpf
Bernhagen	Kleinbaum	Ogdahl	Schaaf	Ueland, A.
Brataas	Knutson	Olhoft	Setzepfandt	Ulland, J.
Dieterich	Laufenburger	Olson	Sieloff	Vega
Engler	Lessard	Penny	Sikorski	Wegener
Gearty	Luther	Perpich	Solon	
Gunderson	Menning	Peterson	Spear	
Jensen	Merriam	Pillsbury	Staples	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House refuses to adopt the Conference Committee report, that the House has discharged its conferees and appointed new conferees to the following House File:

H. F. No. 60: A bill for an act relating to natural resources; modifying certain trespass laws; amending Minnesota Statutes 1978, Section 100.273, Subdivision 1.

The new Conference Committee on the part of the House is as follows:

Wieser, Biersdorf, Begich and Battaglia.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 810: A bill for an act relating to motor vehicles; providing for taxing and registering modified vehicles manufactured prior to 1949; regulating storage of modified vehicles and requiring certain equipment providing for use of original plates on certain vehicles; amending Minnesota Statutes 1978, Section 168.10.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows:

Fudro, Sarna, Luknic and Mehrkens.

House File No. 810 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1979

Mr. Olson moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 810, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 1351 and the Conference Committee Report thereon were reported to the Senate.

CALL OF THE SENATE

Mr. Keefe, S. imposed a call of the Senate. The following Senators answered to their names:

Anderson	Gearty	Lessard	Peterson	Spear
Ashbach	Gunderson	Menning	Pillsbury	Staples
Bang	Hughes	Merriam	Purfeerst	Stokowski
Benedict	Jensen	Moe	Renneke	Strand
Bernhagen	Johnson	Nelson	Rued	Stumpf
Brataas	Keefe, S.	Ogdahl	Schaaf	Ulland, J.
Coleman	Kirchner	Ohoft	Schmitz	Vega
Dieterich	Kleinbaum	Olson	Setzepfandt	Wegener
Engler	Knutson	Penny	Sieloff	
Frederick	Laufenburger	Perpich	Sikorski	

The Sergeant at Arms was instructed to bring in the absent members.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1351

A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; providing for appointment of members of the metropolitan sports

facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1; Chapter 473, by adding sections; repealing Minnesota Statutes 1978, Section 473.568.

May 19, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1351, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 1351 be amended as follows:

Strike everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Chapter 473, is amended by adding a section to read:

[473.572] [REVISED FINAL DETERMINATION.] *Subdivision 1. Notwithstanding any final determination reached by the commission on or before December 1, 1978, pursuant to section 473.571, subdivision 6, the commission shall make a revised determination on a sports facility or sports facilities which facility or facilities (1) may be covered, (2) may include use of the existing or a remodeled metropolitan stadium for baseball, and (3) shall be located in Hennepin County. The decision shall be made within 30 days after the effective date of this act. In making its decision the commission may rely on data previously submitted and reviewed pursuant to section 473.571 and need not require new data even if modifications are made in an alternative previously considered. The commission shall give full consideration to the needs of the University of Minnesota when making its revised determination.*

Subd. 2. Except as provided in this section, the council shall make all determinations required by section 473.581, subdivision 3, before it authorizes the issuance of bonds.

Subd. 3. It is the intent of the legislature that the commission shall, to the maximum extent possible consistent with the provisions of section 473.581, subdivision 3, impose rates, rentals and other charges in the operation of the sports facility which will make the sports facility self supporting so that the taxes imposed under section 11 will be at the lowest possible rate consistent with the obligations of the political subdivision levying those taxes as provided in sections 473.551 to 473.595.

Sec. 2. Minnesota Statutes 1978, Section 473.553, Subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The commission shall consist of six members, appointed by the governor *during the period before substantial completion of construction of sports facilities pursuant to sections 473.551 to 473.595 and thereafter as hereinafter provided*, plus a chairman appointed as provided in subdivision 3. Initial appointments of members shall be made within 30 days of May 17, 1977. One member shall be appointed from each of the following combinations of metropolitan commission precincts defined in section 473.141, subdivision 2: A and B; C and G; D and E; F and H. Two members shall be appointed from outside the metropolitan area. *Upon substantial completion of constructing of the sports facility, vacancies occurring on the commission, whether at the completion of or prior to the completion of a member's term, shall be filled by the city council of the city in which the stadium is located.*

Sec. 3. Minnesota Statutes 1978, Section 473.553, Subdivision 4, is amended to read:

Subd. 4. [QUALIFICATIONS.] Each member *appointed prior to substantial completion of construction of a sports facility constructed pursuant to sections 473.551 to 473.595* shall be a resident of the precincts or area of the state for which he is appointed and . *A member appointed at any time shall not during his term of office hold the office of metropolitan council member or be a member of another metropolitan commission or hold any judicial office or office of state government. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, Article 5, Section 6. The oath, duly certified by the official administering it, shall be filed with the chairman of the metropolitan council.*

Sec. 4. Minnesota Statutes 1978, Section 473.556, Subdivision 4, is amended to read:

Subd. 4. [EXEMPTION OF PROPERTY.] Any real or personal property acquired, owned, leased, controlled, used, or occupied by the commission for any of the purposes of sections 473.551 to 473.595 is declared to be acquired, owned, leased, controlled, used and occupied for public, governmental, and municipal purposes, and shall be exempt from taxation by the state or any political subdivision of the state, provided that such properties shall be subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any such properties in any manner different from their use under sections 473.551 to 473.595 at the time shall be considered in determining the special benefit received by the properties. All assessments shall be subject to final confirmation by the council, whose determination of the benefits shall be conclusive upon the political subdivision levying the assessment. *The provisions of this subdivision, insofar as they require exemption or special treatment, shall not apply to any real property at the metropolitan sports area which is leased by the commission for development pursuant to subdivision 6.*

Sec. 5. Minnesota Statutes 1978, Section 473.556, Subdivision 6, is amended to read:

Subd. 6. [DISPOSITION OF PROPERTY.] The commission may sell or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property shall be sold in the manner provided by section 458.196, insofar as practical and consistent with sections 473.551 to 473.595. *Real property at the metropolitan sports area (not including the indoor public assembly facility and adjacent parking facilities) which is no longer needed for sports facilities shall be sold or leased for commercial or industrial development in accordance with the procedures in section 458.196 within two years to a private, for-profit entity, and thereafter the property shall be subject to all applicable taxes and assessments and all government laws, regulations and ordinances bearing on use and development as if the property were privately owned.* The proceeds from the sale of any real property at the metropolitan sports area shall be paid to the council and used for debt service.

Sec. 6. Minnesota Statutes 1978, Section 473.556, Subdivision 7, is amended to read:

Subd. 7. [CONTRACTS.] The commission may contract for materials, supplies, and equipment in accordance with sections 471.-345, except that the commission may employ persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, construction manager, or contractor for both design and construction, with respect to all or any part of a project to build or remodel sports facilities. ~~Such employment~~ *Contractors shall be selected* through the process of public bidding, provided that it shall be permissible for the commission to narrow the listing of eligible bidders to those which the commission determines to possess sufficient expertise to perform the intended functions. ~~Any such person, firm, or corporation~~ *construction manager or contractor shall certify, before the contracts are finally signed, a construction price and completion date to the commission and shall post a bond in an amount at least equal to 100 percent of the certified price, to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the commission or loss of revenues resulting from incomplete construction on the completion date. The commission shall secure surety bonds as required in section 574.26, securing payment of just claims in connection with all public work undertaken by it. Persons entitled to the protection of the bonds may enforce them as provided in sections 574.28 to 574.32, and shall not be entitled to a lien on any property of the commission under the provisions of sections 514.01 to 514.16.*

Sec. 7. Minnesota Statutes 1978, Section 473.581, Subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] The bonds shall be sold, issued, and secured in the manner provided in chapter 475 for bonds payable solely from revenues, except as otherwise provided in sections 473.551 to 473.595, and the council shall have the same powers

and duties as a municipality and its governing body in issuing bonds under that chapter. The bonds may be sold at any price and at public or private sale as determined by the council. They shall be payable solely from tax and other revenues referred to in sections 473.551 to 473.595, shall not be a general obligation or debt of the council or of the commission, and shall not be included in the net debt of any city, county, or other subdivision of the state for the purpose of any net debt limitation, *provided that nothing herein shall affect the obligation of any political subdivision to levy a tax pursuant to an agreement made under the provisions of section 11.* No election shall be required. The principal amount shall not be limited except as provided in subdivision 3.

Sec. 8. Minnesota Statutes 1978, Section 473.581, Subdivision 3, as amended by Laws 1979, Chapter 26, Section 1, is amended to read:

Subd. 3. [LIMITATIONS.] The principal amount of the bonds issued pursuant to subdivision 1, clause (a), shall not exceed the amounts hereinafter authorized. If the commission's proposal and the construction contracts referred to in clause (g) of this subdivision provide for the construction of a covered multipurpose sports facility, *the total cost of constructing the facility under the construction contracts, not including costs paid from funds provided by others, and the principal amount of bonds issued pursuant to subdivision 1, clause (a), shall be limited to \$55,000,000.* If the commission's proposal and the construction contracts do not provide for the construction of a cover on a proposed multipurpose sports facility and the commission does not otherwise contract for the construction or acquisition of a cover for the sports facility, the principal amount shall be limited to \$42,000,000. ~~If the site for the facility is in the county of Anoka, no more than \$3,000,000 of additional bonds may be issued for land acquisition, clearance, relocation and legal costs referred to in clauses (d) and (e) of this subdivision in connection with the construction of a multi-purpose stadium.~~ If the commission's proposal and the construction contracts provide for the construction of a new sports facility for football and soccer and for remodeling the existing metropolitan stadium for baseball, the principal amount shall be limited to \$37,500,000. If the commission's proposal and the construction contracts provide for the reconstruction and remodeling of the existing metropolitan stadium as an uncovered multipurpose sports facility, the principal amount shall be limited to \$25,000,000. The bonds issued pursuant to subdivision 1, clause (a), shall bear an average annual rate of interest, including discount, not in excess of seven and one-half percent. The proceeds of the bonds issued pursuant to subdivision 1, clause (a), shall be used only for the acquisition and betterment of sports facilities suitable for baseball, football and soccer, with a seating capacity for football and soccer of approximately 65,000 persons. The council shall issue its bonds and construction of sports facilities may commence when the council has made the following determinations:

(a) The commission has executed agreements with major league professional baseball and football organizations to use its sports

facilities for all scheduled regular season home games and play-off home games and, in the case of the football organization, for at least one-half of its exhibition games played each season. The agreements shall be for a period of not more than 30 years nor less than the term of the longest term bonds that in the council's judgment it may find it necessary to issue to finance the acquisition and betterment of the commission's sports facilities. *The agreements may contain provisions negotiated between the organizations and the commission which provide for termination upon conditions related and limited to the bankruptcy, insolvency, or financial capability of the organization.* The agreements shall provide that, in the event of breach of the agreements, the defaulting organization shall pay damages annually to the commission. The annual payment shall be in an amount equal to the annual average of all revenue derived by the commission from attendance at events and activities of the defaulting organization during the years prior to default, provided that the damages shall not exceed in any year an amount sufficient, with other revenues of the commission *but excluding proceeds of the taxes under section 11*, to pay all expenses of operation, maintenance, administration, and debt service for the facilities used by the defaulting organization during the same year. The damages shall be payable during the period from the occurrence of the default to the date on which another major league professional baseball or football organization, replacing the defaulting organization, enters into a use agreement with the commission for not less than the then remaining term of the original agreement. The agreements with the teams shall provide that no closed circuit or pay television broadcasting of events in the sports facility may be allowed without the approval of the commission. The agreements shall include provisions protecting the commission and the council in the event of change in ownership of the professional teams.

(b) The commission has executed agreements with professional baseball and football major leagues which guarantee the continuance of franchises in the metropolitan area for the period of the agreements referred to in clause (a).

(c) The proceeds of bonds provided for in this subdivision will be sufficient, together with other capital funds that may be available to the commission, to construct or remodel and to furnish the sports facilities proposed by the commission, including the appropriate professional fees and charges but excluding, except as otherwise provided in this subdivision, the acquisition, clearance, relocation, and legal costs referred to in clauses (d) and (e).

(d) The commission has acquired, without cost to the commission or the council except as provided in this subdivision, title to all real property including all easements and other appurtenances needed for the construction and operation of any proposed sports facilities or has received a grant of funds or has entered into an agreement or agreements sufficient in the judgment of the council to assure the receipt of funds, at the time and in the amount required, to make any payment upon which the commission's

acquisition of title and possession of the real property is conditioned.

(e) The commission has received a grant of funds or entered into an agreement or agreements sufficient in the judgment of the council to assure the receipt of funds, at the time and in the amount required, to pay all costs, except as provided in this subdivision, of clearing the real property needed for the construction and operation of any proposed sports facilities of all buildings, railroad tracks and other structures, including without limitation all relocation costs, all utility relocation costs, and all legal costs.

(f) The commission has executed agreements with appropriate labor organizations and construction ~~contractor organizations~~ *contractors* which provide that no labor strike or management lockout will halt, delay or impede construction.

(g) The commission has executed ~~contracts~~ *agreements which will provide for the construction of its sports facilities for a certified construction price and completion date and which include performance bonds in an amount at least equal to 100 percent of the certified price to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the commission or loss of revenues resulting from incomplete construction on the completion date.*

(h) The environmental impact statement for the sports facility or facilities has been accepted by the environmental quality board, and the pollution control agency and any other department, agency, or unit of government have taken ~~final action to approve or deny any permits necessary for the actions necessary to permit the construction of the sports facility or facilities.~~

(i) At least 50 percent of the private boxes provided for in the *commission's proposal for the sports facility or facilities are sold or leased for at least five years.*

(j) The anticipated revenue from the operation of the sports facility or facilities plus any additional available revenue of the commission ~~and the revenue from the taxes under section 11 will be an amount sufficient to pay when due all debt service plus all operating and maintenance expenses, unless the proposed facility is a covered multipurpose sports facility, in which case the aforementioned revenues need only be an amount sufficient to pay when due all debt service plus a substantial portion of all administration, operating and maintenance expense.~~

(k) The commission has studied and considered the needs of the university of Minnesota for athletic facilities for a prospective 20 year period.

(l) *The municipality where the facility is to be constructed has entered into an agreement as contemplated in section 11.*

(m) *The commission has entered into an agreement or agreements with a purchaser or purchasers of tickets of admission for a period of not less than 20 years which will assure that, if the professional football organization cannot comply with the provi-*

sions of section 473.568, whenever more than 90 and less than 100 percent of the tickets of admission for seats at any professional football game, which were available for purchase by the general public 120 hours or more before the scheduled beginning time of the game either at the sports facility where the game is to be played or at the box office closest to the sports facility, have been purchased 72 hours or more before the beginning time of the game, then all of such tickets which remain unsold will be purchased in sufficient time to permit the telecast to areas within the state which otherwise would not receive the telecast because of the terms of an agreement in which the professional football league has sold or otherwise transferred all or part of the rights of the league's member organizations in the sponsored telecasting of games of the organizations. The party or parties agreeing to the purchase of such unsold tickets shall be obligated for a period of at least 20 years in an amount determined by the council to be sufficient to assure the purchase of all such unsold tickets. An agreement or agreements satisfying the requirements of this clause shall free the professional football organization from the prohibition otherwise imposed on it by section 473.568.

(n) The council has entered into an agreement with the brokerage firm or brokerage firms to be used in connection with the issuance and sale of the bonds guaranteeing that fees and charges payable to the brokerage firm or firms in connection therewith, including any underwriting discounts, shall not exceed fees and charges customarily payable in connection with the issuance and sale of bonds secured by the pledge of the full faith and credit of the municipality in which any new sports facility is to be located.

The validity of any bonds issued under subdivision 1, clause (a), and the obligations of the council and commission related thereto, shall not be conditioned upon or impaired by the council's determinations made pursuant to this subdivision. For purposes of issuing the bonds the determinations made by the council shall be deemed conclusive, and the council shall be and remain obligated for the security and payment of the bonds irrespective of determinations which may be erroneous, inaccurate, or otherwise mistaken.

Sec. 9. Minnesota Statutes 1978, Section 473.581, Subdivision 4, as amended by Laws 1979, Chapter 26, Section 1, is amended to read:

Subd. 4. [SECURITY.] To the extent and in the manner provided in section sections 11 and 473.595, the taxes described in section 11, the tax and other revenues of the commission described in section 473.595, and any other revenues of the commission shall be and remain pledged and appropriated for the payment of all necessary and reasonable expenses of the operation, administration, maintenance, and debt service of the commission's sports facilities until all bonds referred to in section 473.564, subdivision 2, and all bonds and certificates issued pursuant to this section are fully paid or discharged in accordance with law. The revenue bonds and

interest thereon referred to in section 473.564, subdivision 2, may be refunded, whether at a lower or a higher rate of interest, by the issuance of new bonds pursuant to subdivision 1, clause (b), for the purpose of pledging revenues of the metropolitan sports area for the payment and security of bonds issued hereunder, and the council may provide that a portion of the new bonds shall be payable solely from the interest earnings derived from the investment of the bond proceeds. Until these revenue bonds are fully paid or the council's obligation thereon is discharged in accordance with law they shall be deemed a first and prior charge on those revenues and shall be secured by all provisions of the revenue bond resolution and the ownership and operations agreement. Bonds issued pursuant to this section *and bonds referred to in section 473.564, subdivision 2*, may be secured by a bond resolution, or by a trust indenture entered into by the council with a corporate trustee within or outside the state, which shall define the tax and other revenues pledged for the payment and security of the bonds. The pledge shall be a valid charge on the tax and other revenues referred to in sections 473.551 to 473.595 from the date when bonds are first issued *or secured* under the resolution or indenture and shall secure the payment of principal and interest and redemption premiums when due and the maintenance at all times of a reserve securing such payments. No mortgage of or security interest in any tangible real or personal property shall be granted to the bondholders or the trustee, but they shall have a valid security interest in all tax and other revenues received and accounts receivable by the commission or council hereunder, as against the claims of all other persons in tort, contract, or otherwise, irrespective of whether such parties have notice thereof, and without possession or filing as provided in the uniform commercial code or any other law. In the bond resolution or trust indenture the council may make such covenants, which shall be binding upon the commission, as are determined to be usual and reasonably necessary for the protection of the bondholders. No pledge, mortgage, covenant, or agreement securing revenue bonds may be impaired, revoked, or amended by law or by action of the council or , commission, *or city*, except in accordance with the terms of the resolution or indenture under which the bonds are issued, until the obligations of the council thereunder are fully discharged.

Sec. 10. Minnesota Statutes 1978, Section 473.581, Subdivision 5, as amended by Laws 1979, Chapter 26, Section 1, is amended to read:

Subd. 5. [REVENUE ANTICIPATION CERTIFICATES.] At any time or times after approval by the council and final adoption by the commission of an annual budget of the commission for operation, administration, and maintenance of its sports facilities, and in anticipation of *the proceeds from the taxes under section 11 and the revenues of the commission provided for in the budget*, but subject to any limitation or prohibition in a bond resolution or indenture, the council may authorize the issuance, negotiation, and sale, in such form and manner and upon such terms as it may determine, of revenue anticipation certificates. The principal amount of the certificates outstanding shall at no time exceed 25

percent of the total amount of the tax and other revenues anticipated. The certificates shall mature not later than three months after the close of the budget year. Prior to the approval and final adoption of the first annual budget of the commission, the council may authorize up to \$300,000 in revenue anticipation certificates under this subdivision. So much of the anticipated tax and other revenues as may be needed for the payment of the certificates and interest thereon shall be paid into a special debt service fund established for the certificates in the council's financial records. If for any reason the anticipated tax and other revenues are insufficient, the certificates and interest shall be paid from the first tax and other revenues received, subject to any limitation or prohibition in a bond resolution or indenture. The proceeds of the certificates may be used for any purpose for which the anticipated revenues of the commission or taxes may be used or for any purpose for which bond proceeds under subdivision 1 may be used, provided that the proceeds of certificates issued after the first issuance of bonds under subdivision 1, clause (a) effective date of this act, shall not be used to pay capital costs of sports facilities constructed or remodeled pursuant to sections 473.551 to 473.595.

Sec. 11. Minnesota Statutes 1978, Chapter 473, is amended by adding a section to read:

[473.592] [TAX REVENUES.] *Subdivision 1. [LOCAL SALES TAX.] Upon designation of a location for a sports facility pursuant to section 1, the municipality in which the facility is to be located may enter into an agreement with the metropolitan council and the commission which requires the municipality to impose a sales tax, supplemental to the general sales tax imposed in chapter 297A, for the purposes and in accordance with the requirements specified in sections 473.551 to 473.595. The tax may be imposed on the gross receipts from all retail on-sales of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor establishments and municipal liquor stores located within the municipality, or on the gross receipts from the furnishing for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming house, tourist court, or trailer camp located within the municipality, or on both. The agreement between the municipality, the metropolitan council, and the commission shall require the municipality to impose the tax or taxes at whatever rate or rates may be necessary to produce revenues which are determined by the council from year to year to be required, together with the revenues available to the commission, to pay when due all debt service on bonds and revenue anticipation certificates issued under section 473.581, all debt service on bonds referred to in section 473.564, subdivision 2, and all expenses of operation, administration, and maintenance of the sports facilities. The agreement shall provide for the suspension, reimposition, reduction, or increase in tax collections upon determination by the metropolitan council that such actions are appropriate or necessary for the purposes for which the tax is imposed, provided that the balance in the debt service fund or funds, including any reserve for debt service, shall be maintained at least at an amount sufficient to pay the principal and interest on bonds which will become due within the next succeeding one year period and, except as other-*

wise provided by agreement, shall not be maintained at an amount greater than that required to pay principal and interest on bonds which will become due within the next succeeding two year period. The agreement shall be executed by the city, after approval by resolution of the city council and before the issuance of the bonds under section 473.581 and commencement of construction, and shall constitute a contract with and for the security of all holders of the bonds and revenue anticipation certificates secured by the tax. A sports facility shall not be constructed or remodeled in a municipality which has not entered into an agreement in accordance with this section. The tax shall be reported and paid to the commissioner of revenue with and as part of the state sales and use taxes, and shall be subject to the same penalties, interest, and enforcement provisions. The collections of the tax, less refunds and a proportionate share of the costs of collection, shall be remitted at least quarterly to the metropolitan council. The commissioner of revenue shall deduct from the proceeds remitted to the council an amount that equals the indirect statewide costs as well as the direct and indirect department costs necessary to administer, audit, and collect this tax. The amount deducted shall be deposited in the general fund of the state. The proceeds remitted shall be placed, together with the net revenues of the commission under section 473.595, into debt service fund or reserve or special funds, established under section 473.581, and any funds established to secure payment of operating deficits of the commission. The proceeds may be used for payment of debt service on bonds and revenue anticipation certificates issued under section 473.581, debt service on bonds referred to in section 473.564, subdivision 2, and expenses of operation, administration, and maintenance of the sports facilities. The proceeds shall not be used for any capital costs of sports facilities constructed under sections 473.551 to 473.595, except that the proceeds may be used to pay interest on bonds during the construction period.

Subd. 2. [METROPOLITAN LIQUOR TAX.] All proceeds of the liquor tax collected by the council pursuant to the provisions of Minnesota Statutes 1978, Section 473.591, prior to August 1, 1979, not otherwise expended or applied as provided in chapter 473, together with any earnings derived from the investment of such revenues, may be used for any purpose for which the tax revenues under subdivision 1 may be used.

Sec. 12. Minnesota Statutes 1978, Section 473.595, Subdivision 1, is amended to read:

473.595 [COMMISSION FINANCES.] Subdivision 1. [ADMISSION TAX.] Effective January 1, 1978, the commission shall by resolution impose a three percent admission tax upon the granting, sale, or distribution, by any private or public person, association, or corporation, of the privilege of admission to activities; except for those activities sponsored by nonprofit organizations and conducted at the indoor public assembly facility at the metropolitan sports area known as the metropolitan sports center. Commencing with the operation of sports facilities constructed or remodeled by the commission pursuant to sections

473.551 to 473.595, the commission shall impose an additional seven percent admission tax upon activities conducted at such sports facilities. Effective January 1, 1978, no other tax, except the taxes imposed by chapter 297A, may be levied by any other unit of government upon any such sale or distribution. The admission tax shall be stated and charged separately from the sales price so far as practicable and shall be collected by the grantor, seller, or distributor from the person admitted and shall be a debt from that person to the grantor, seller, or distributor, and the tax required to be collected shall constitute a debt owed by the grantor, seller, or distributor to the commission, which shall be recoverable at law in the same manner as other debts. Every person granting, selling, or distributing tickets for such admissions may be required, as provided in resolutions of the commission, to secure a permit, to file returns, to deposit security for the payment of the tax, and to pay such penalties for nonpayment and interest on late payments, as shall be deemed necessary or expedient to assure the prompt and uniform collection of the tax.

Sec. 13. Minnesota Statutes 1978, Section 473.595, is amended by adding a subdivision to read:

Subd. 7. [SALE OF SEATS.] The commission may sell seats in any multipurpose sports facility constructed after June 30, 1979 at prices and subject to conditions consistent with this section. Ownership of a seat shall give the owner first preference for purchase of a season ticket of admission for professional sports exhibitions with a right to be seated in the owned seat. An owner may sell or otherwise transfer his rights on whatever terms he chooses. Rights to a seat may not be divided. No fee may be charged for a transfer of ownership of a seat. The commission may charge a maintenance fee not exceeding \$10 per year for each seat.

Sec. 14. [HIGHWAY USER TAX DISTRIBUTION FUND.] *So long as the tax imposed pursuant to article XIV, section 10, of the Minnesota Constitution is at or below the rate fixed by law on January 1, 1979, no money derived from the highway user tax distribution fund shall be used to construct, relocate, or improve any streets, highways, or other public thoroughfares, except ones included in the municipal state aid street system established pursuant to article XIV, section 4, if such work is done solely in order to provide or improve access to a new sports facility constructed pursuant to sections 473.551 to 473.595. The commissioner of transportation shall determine whether expenditures are in violation of this section.*

Sec. 15. *Pursuant to article VI, section 2 of the Minnesota constitution the supreme court shall have original jurisdiction of any action brought or maintained in which an issue is presented as to the validity of a provision of sections 1 to 14 of this act, and may hear and determine the issue as provided in title V of the rules of civil appellate procedure, after notice given as provided in rule 144.*

Sec. 16. *This act is effective the day following final enactment in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."*

Further, strike the title and insert:

"A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; changing certain provisions relating to the powers and duties of the metropolitan council and sports facilities commission; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; providing expedited court procedures; limiting use of the highway user tax distribution fund; authorizing local taxes; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.556, Subdivisions 4, 6, and 7; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1, and by adding a subdivision; and Chapter 473, by adding sections."

We request adoption of this report and repassage of the bill.

Senate Conferees (Signed) Steve Keefe, A. O. H. Setzepfandt, Jim Nichols, Tom Nelson, Nancy Brataas.

House Conferees (Signed) Al W. Patton, Joel Jacobs, William Schreiber, Douglas W. Carlson, Jim Evans.

Mr. Keefe, S. moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1351 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 1351 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 42 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Menning	Peterson	Staples
Bang	Humphrey	Merriam	Pillsbury	Stokowski
Bernhagen	Jensen	Moe	Purfeerst	Strand
Brataas	Johnson	Nelson	Rued	Ueland, A.
Coleman	Keefe, S.	Nichols	Schaaf	Ulland, J.
Dunn	Kirchner	Ogdahl	Schmitz	Wegener
Engler	Kleinbaum	Olson	Setzepfandt	
Frederick	Knoll	Penny	Sillers	
Gearty	Lessard	Perpich	Solon	

Those who voted in the negative were:

Ashbach	Gunderson	Laufenburger	Renneke	Stumpf
Benedict	Hughes	Luther	Sieloff	Vega
Chenoweth	Knaak	McCutcheon	Sikorski	Willet
Dieterich	Knutson	Olhoft	Spear	

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

SPECIAL ORDER

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated H. F. No. 699 a Special Order to be heard immediately.

H. F. No. 699: A bill for an act relating to labor; increasing the minimum wage; providing for future increases; amending Minnesota Statutes 1978, Sections 177.23, Subdivision 7; and 177.24, Subdivision 1.

Mr. Vega moved that the amendment made to H. F. No. 699 by the Committee on Rules and Administration in the report adopted May 11, 1979, pursuant to Rule 49, be stricken.

CALL OF THE SENATE

Mr. Vega imposed a call of the Senate for the balance of the proceedings on H. F. No. 699. The following Senators answered to their names:

Anderson	Frederick	Lessard	Rued	Ueland, A.
Bang	Gearty	Luther	Schaaf	Ulland, J.
Benedict	Gunderson	Menning	Schmitz	Vega
Bernhagen	Hughes	Merriam	Setzepfandt	Wegener
Brataas	Humphrey	Penny	Sikorski	Willet
Chenoweth	Jensen	Peterson	Spear	
Coleman	Keefe, S.	Pillsbury	Staples	
Dunn	Kirchner	Purfeerst	Strand	
Engler	Knoll	Renneke	Stumpf	

The Sergeant at Arms was instructed to bring in the absent members.

H. F. No. 699 was then progressed.

SPECIAL ORDER

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated S. F. No. 787 a Special Order to be heard immediately.

SUSPENSION OF RULES

Mrs. Staples moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S. F. No. 787 and that the rules of the Senate be so far suspended as to give S. F. No. 787, now on Special Orders, its third reading and place it on its final passage. The motion prevailed.

S. F. No. 787: A bill for an act relating to commerce; creating a small business assistance center within the department of economic development; appropriating money; amending Minnesota Statutes 1978, Sections 161.321, Subdivision 1; 362.42; and Chapter 362, by adding a section.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 45 and nays 2, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Laufenburger	Olson	Setzepfandt
Bang	Gearty	Lessard	Penny	Sieloff
Benedict	Gunderson	Luther	Peterson	Sikorski
Bernhagen	Hughes	Menning	Pillsbury	Staples
Brataas	Humphrey	Merriam	Purfeerst	Strand
Chenoweth	Jensen	Moe	Renneke	Ueland, A.
Coleman	Kirchner	Nelson	Rued	Ulland, J.
Dieterich	Knoll	Ogdahl	Schaaf	Wegener
Engler	Knutson	Olhoft	Schmitz	Willet

Messrs. Keefe, S. and Spear voted in the negative.

So the bill passed and its title was agreed to.

Without objection, the Senate reverted to the Order of Business of Messages From the House and First Reading of House Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 1241: A bill for an act relating to natural resources; reducing local match required for dam repair and reconstruction grants; authorizing loans for local share of project costs; authorizing sale of bonds for loan program; appropriating money; amending Minnesota Statutes 1979, Section 105.482, Subdivisions 3 and 5, and by adding a subdivision.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows:

Lehto, Brinkman, Luknic and Sviggum.

House File No. 1241 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1979

Mr. Willet moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1241, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 1198: A bill for an act relating to wild animals; altering or eliminating certain provisions in regard to the taking, possessing, or transporting of game or fish; amending Minnesota Statutes 1978, Sections 98.45, Subdivision 1; 100.27, Subdivision 4; 100.29, Subdivisions 7, 14, and 19; and 101.42, Subdivision 18, and by adding a subdivision.

Four members of the House have been appointed to a Conference committee on the part of the House as follows:

Fjoslien, Aasness, Murphy and McCarron.

House File No. 1198 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1979

Mr. Peterson moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1198, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 1563: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and for other purposes with certain conditions; amending Minnesota Statutes 1978, Sections 161.123; 174.24, Subdivision 3; 360.015, by adding a subdivision; and Laws 1973, Chapter 567, Section 8; repealing Minnesota Statutes 1978, Section 174.28.

Six members of the House have been appointed to a Conference Committee on the part of the House as follows:

Osthoff; Voss; Waldorf; Nelsen, B.; Piepho and Johnson, D.

House File No. 1563 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1979

Mr. Moe moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1563, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

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

S. F. No. 273: A bill for an act relating to commerce; providing a floating usury rate for contracts for deed on residential property; amending Minnesota Statutes 1978, Section 47.20, Subdivisions 2 and 4, and by adding a subdivision.

Senate File No. 273 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

Mr. Peterson moved that the Senate do not concur in the amendments by the House to S. F. No. 273 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

S. F. No. 486: A bill for an act relating to education; changing the requirements for membership on the state university board and on the state board for community colleges; amending Minnesota Statutes 1978, Sections 136.12, Subdivision 1; and 136.61, Subdivision 1.

Senate File No. 486 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

Mr. Hughes moved that the Senate do not concur in the amendments by the House to S. F. No. 486 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

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

S. F. No. 481: A bill for an act relating to transportation; appropriating money to the department of transportation for the purpose of providing operating subsidies for Medicine Lake transit service under certain conditions.

Senate File No. 481 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 19, 1979

CONCURRENCE AND REPASSAGE

Mr. Humphrey moved that the Senate concur in the amendments by the House to S. F. No. 481 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 481 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 43 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Olson	Sikorski
Ashbach	Gearty	Laufenburger	Perpich	Stumpf
Benedict	Gunderson	Lessard	Peterson	Ueland, A.
Bernhagen	Hughes	Menning	Pillsbury	Ulland, J.
Brataas	Humphrey	Merriam	Purfeerst	Vega
Chenoweth	Jensen	Moe	Schaaf	Wegener
Coleman	Keefe, S.	Nelson	Schmitz	Willet
Dieterich	Kirchner	Ogdahl	Setzepfandt	
Engler	Knoll	Olhoff	Sieloff	

Those who voted in the negative were:

Bang	Knaak	Penny	Rued	Strand
Dunn	Luther			

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 435: A bill for an act relating to education; increasing the maximum awards for scholarships and grants-in-aid; changing the eligibility for certain financial assistance; increasing the bonding authority of the higher education coordinating board; requiring that data on certain applicants for student financial assistance be classified as private and providing an exception; increasing the eligibility for a tuition subsidy for a public post-secondary vocational-technical school; prescribing additional qualifications for receipt of certain Indian scholarships; reconstituting the Minne-

sota Indian scholarship committee; appropriating money; amending Minnesota Statutes 1978, Sections 124.48; 136A.121, Subdivisions 4, 5, 7 and 8; 136A.162; 136A.171; and 136A.236, Subdivision 2.

Senate File No. 435 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

CONCURRENCE AND REPASSAGE

Mr. Penny moved that the Senate concur in the amendments by the House to S. F. No. 435 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 435: A bill for an act relating to education; increasing the maximum awards for scholarships and grants-in-aid; changing the eligibility for certain financial assistance; increasing the bonding authority of the higher education coordinating board; requiring that data on certain applicants for student financial assistance be classified as private and providing an exception; increasing the eligibility for a tuition subsidy for a public post-secondary vocational-technical school; appropriating money; amending Minnesota Statutes 1978, Sections 136A.121, Subdivisions 4, 5, 7 and 8; 136A.162; 136A.171; and 136A.236, Subdivision 2.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gerty	Laufenburger	Perpich	Strand
Bang	Gunderson	Lessard	Pillsbury	Stumpf
Benedict	Hughes	Luther	Purfeerst	Ueland, A.
Bernhagen	Humphrey	Menning	Renneke	Ulland, J.
Brataas	Jensen	Merriam	Rued	Vega
Chenoweth	Keefe, S.	Moe	Schaaf	Wegener
Coleman	Kirchner	Nelson	Schmitz	Willet
Dieterich	Kleinbaum	Ogdahl	Setzepfandt	
Dunn	Knaak	Olhoff	Sieloff	
Engler	Knoll	Olson	Sikorski	
Frederick	Knutson	Penny	Staples	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H. F. Nos. 268, 272, 869, 890 and 746.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1979

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned:

S. F. Nos. 436, 600, 681, 712, 732 and 799.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

FIRST READING OF HOUSE BILLS

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

H. F. No. 268: A bill for an act relating to children; establishing a program in the department of public welfare to allow subsidized adoptions under certain circumstances; appropriating money; amending Minnesota Statutes 1978, Chapter 259, by adding a section; repealing Minnesota Statutes 1978, Section 393.07, Subdivision 1a.

Mrs. Staples moved that H. F. No. 268 be laid on the table. The motion prevailed.

H. F. No. 272: A bill for an act relating to public welfare; child care services; defining a sliding fee schedule payment plan for child care; appropriating money; amending Minnesota Statutes 1978, Section 245.84, Subdivision 2.

Mr. Spear moved that H. F. No. 272 be laid on the table. The motion prevailed.

H. F. No. 869: A bill for an act relating to education; providing matching grants for small business institutes at certain state colleges and universities; prescribing certain duties for the higher education coordinating board; appropriating money.

Referred to the Committee on Finance.

H. F. No. 890: A bill for an act relating to transportation; appropriating money for the operation of Amtrak rail passenger service between the Twin Cities and Duluth.

Referred to the Committee on Transportation.

H. F. No. 746: A bill for an act relating to retirement; teachers retirement associaton; increase in employer contributions; post retirement adjustment; appropriating money; amending Minnesota Statutes 1978, Sections 354.42, Subdivisions 3 and 5; and 354A.12.

Mr. Ogdahl moved that H. F. No. 746 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Willet moved that the committee report on House Concurrent Resolution No. 5 be taken from the table. The motion prevailed.

Mr. Willet moved the adoption of the foregoing committee report. The motion prevailed. Report adopted.

House Concurrent Resolution No. 5: A House concurrent resolution relating to violence and vandalism in Stearns and Pope Counties along the route of a new powerline.

Mr. Willet moved the adoption of the resolution. The motion prevailed. So the resolution was adopted.

Mr. Ogdahl moved that H. F. No. 746 be taken from the table. The motion prevailed.

H. F. No. 746: A bill for an act relating to retirement; teachers retirement association; increase in employer contribution; post retirement adjustment; appropriating money; amending Minnesota Statutes 1978, Sections 354.42, Subdivisions 3 and 5; and 354A.12.

SUSPENSION OF RULES

Mr. Ogdahl moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 746 and that the rules of the Senate be so far suspended as to give H. F. 746 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 746 was read the second time.

Mr. Stokowski moved to amend H. F. No. 746, as follows:

Page 7, delete lines 12 through 33, and insert:

"Sec. 4. Minnesota Statutes 1978, Chapter 355, is amended by adding a section to read:

[355.311] [SECOND SOCIAL SECURITY REFERENDUM.]
Subdivision 1. [PAYMENT OF RETROACTIVE SOCIAL SECURITY EMPLOYEE AND EMPLOYER TAXES.] Effective retroactively with respect to any employment after the date of retroactive coverage by municipal employees who are employed on the date of the agreement or modification of the agreement with the secretary of health, education and welfare, the executive secretary of the Minneapolis municipal employees retirement fund shall cause to be paid out of the fund an amount for each municipal employee retroactively included, equal to the employee and employer taxes which would have been imposed by the Federal Insurance Contribution Act if the service by the employee constituted employment within the meaning of that act. This payment shall be computed from the date of retroactive coverage to the date that deductions are first taken from the wages of each municipal employee pursuant to section 355.309. Amounts paid to meet the required employee contribution shall first be deducted from the accumulated deductions of the municipal employee and then from the remaining assets of the fund.

Subd. 2. [APPROPRIATION.] The amounts required by this section are hereby appropriated from the Minneapolis municipal employees retirement fund and the executive secretary of the fund

is authorized to make any necessary disbursements and transfers. The amounts so required shall be paid to the contribution fund provided for in the enabling act.

Subd. 3. [BALANCE DUE AFTER PAYMENT OF RETROACTIVE SOCIAL SECURITY EMPLOYEE AND EMPLOYER TAXES.] *Any municipal employee who elects social security coverage from and after January 1, 1979, and thereby transfers from the basic program of the Minneapolis municipal employees fund to the coordinated program of the Minneapolis municipal employees fund and from whose account retroactive social security employee taxes are paid by the board of the Minneapolis municipal employees fund shall be required to reimburse the fund in an amount equal to the difference between employee contributions at the rate of eight percent of his total salary for the period of retroactive social security coverage and the aggregate of four percent of his total salary for the period of retroactive social security coverage plus the rate of retroactive social security employee taxes paid on the salary of the municipal employee restricted to the earnings limitations imposed by the Federal Insurance Contribution Act covering service as a municipal employee rendered from and after July 1, 1978. In the event that a municipal employee does not reimburse the Minneapolis municipal employees retirement fund within 30 days following notification by the executive secretary of the amount of reimbursement which is due, interest at the rate of six percent per annum compounded annually from the date the amount was first payable following notification until the date payment is made shall accrue. The city or the public corporation which employs a municipal employee electing social security coverage from and after January 1, 1979, for service on which retroactive social security employer taxes are paid from the Minneapolis municipal employees retirement fund shall reimburse the fund in an amount equal to the reimbursement amount payable by the municipal employee. The employer reimbursement may be paid from the proceeds of a tax levy made for this purpose or from any other funds available to the employer.*

Sec. 5. Minnesota Statutes 1978, Section 422A.03, Subdivision 1, is amended to read:

422A.03 [MEETINGS; EMPLOYEES; RULES AND REGULATIONS.] Subdivision 1. The retirement board shall meet on the third Tuesday of each calendar month of each year and may adjourn from time to time. Special meetings may be held upon the call of the president. The board shall, by a ~~four-fifths~~ *four-sevenths* vote of all members of the board, appoint an executive secretary, who shall have charge of the performance of the duties required by the provisions of sections 422A.01 to 422A.25, and shall appoint other necessary clerical help. If at the time of his appointment as executive secretary the appointee holds a position subject to the civil service rules and regulations of the city he shall be deemed to be on leave of absence from such civil service position during his tenure as executive secretary, and upon termination of such service shall be returned to his permanent civil service classification. If no vacancy is available in his permanent civil

service classified position, seniority shall prevail, and the person most recently certified to such position shall be returned to the permanent civil service classification held by him prior to such certification.

Sec. 6. Minnesota Statutes 1978, Section 422A.03, Subdivision 2, is amended to read:

Subd. 2. The executive secretary may be removed by a ~~four-fifths~~ *four-sevenths* vote of all members of the board at a meeting called for such purpose. Before exercising the power of removal 15 days written notice shall be given to the executive secretary setting forth the cause for removal and stating the time and place where such charges will be heard. The hearing shall be open to the public. Other employees under the supervision of the board and employees appointed hereafter shall be subject to applicable civil service laws and rules of the city. The compensation of the executive secretary and the other employees under the supervision of the board shall be fixed by such board.

Sec. 7. Minnesota Statutes 1978, Section 422A.08, Subdivision 2, is amended to read:

Subd. 2. Prior to August 31 of each year the retirement board shall prepare an itemized statement of its financial requirements from tax revenue for the succeeding fiscal year. A copy of the statement shall be submitted to the board of estimate and taxation and to the city council prior to September 15 of each year. This statement shall include:

(1) An estimate of the administrative expense of the board less:

(a) Such amount as the board may charge against the interest income account of the fund as cost of handling the investment securities of the fund.

(b) The cost of handling the retirement benefits of any city-owned public utility, improvement project, or other municipal activities supported in whole or in part by revenues other than taxes.

(c) The cost of handling the retirement benefits of any public corporation and its employees who have availed themselves of the provisions of sections 422A.01 to 422A.25.

(2) An estimated amount not to exceed $7\frac{1}{4}$ percent of the salaries and wages of all employees covered by the retirement fund less any amounts contributed for current cost of future retirement benefits by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(3) The estimated amount to meet the requirements of section 422A.06, subdivision 3, less any amounts contributed for this purpose by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(4) The cost of all monthly survivor's benefits provided in section 422A.23 as an obligation of the city and any of its boards, departments, commission or public corporations as therein provided, less any amounts contributed for this purpose by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(5) Such other levies and financing as are required by law.

(6) The total of items 1, 2, and 3 above shall be increased or decreased as the case may be by any deficiency or excess of the amount of tax revenue actually collected within the preceding fiscal year under or over the amount actually determined to meet the financial requirements of the fund for such year. In no event shall the amount requested for levy exceed the total of entry age normal cost, less the amounts contributed by the employees, plus administrative expense, ~~interest on the actuarial deficit at the rate of five percent per annum, plus~~ an amount necessary to ~~reduce amortize on a level annual dollar basis~~ the principal amount of the actuarial deficit ~~in equal installments~~ by the year 2017 ~~using an interest rate of five percent, compounded annually~~, plus interest upon any deficiency from the previous year's levy at the rate of four percent per annum. This limit does not apply to the requirements for survivors benefits provided in section 422A.23 nor to any levy which is administered by the retirement board pursuant to special act.

Sec. 8. Minnesota Statutes 1978, Section 422A.10, Subdivision 1, is amended to read:

422A.10 [SALARY DEDUCTIONS.] Subdivision 1. There shall be deducted and withheld from the basic salary, pay or compensation of each employee in the contributing class, *prior to January 1, 1980 an amount equal to 7¼ percent, after December 31, 1979 but prior to January 1, 1981 an amount equal to 8¼ percent and after December 31, 1980 an amount equal to 9¼ percent* of such salary, pay or compensation, except as hereinafter provided. The retirement board may increase the percentage rate of contribution to the retirement fund of any employee or employees for the purpose of establishing and maintaining on an actuarial basis a plan of insurance, survivors' benefits, or other type of benefit or benefits, the cost of which shall be paid out of such extra percentage so authorized and deducted from the employee's compensation, except as hereinafter provided. Any plan or plans so established and placed in operation may be amended from time to time, or may be abandoned, but if abandoned, any surplus remaining from the operation of a plan shall be the property of the fund, and shall be credited to the reserve for loss in investment account.

Sec. 9. [DETERMINATION OF SERVICE CREDIT.] *Notwithstanding the provisions of section 422A.15, subdivision 1, no employee of the contributing class of the Minneapolis municipal employees retirement fund shall be entitled to receive a year of service credit during the employee's final year of service unless the employee is employed and has received compensation from the*

city of Minneapolis or other applicable employing unit during each of the calendar months making up the year for which the employee would usually be employed. Any employee of the contributing class who is employed and receives compensation in fewer than the usual number of calendar months during the final year of service shall receive credit for that portion of a year that the employee's completed months of employment and receipt of compensation bears to the usual number of months which the employee would usually be employed.

Sec. 10. [POST RETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.] Subdivision 1. [ENTITLEMENT.] Any person who, on or before July 1, 1979, has attained the age of 65 years and who is receiving a retirement annuity from, or any person who is receiving a disability benefit or a surviving spouse's annuity or benefit from a retirement fund specified in subdivision 4, clauses (1) to (5) which was computed under the laws in effect prior to June 1, 1973, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 4, clause (4), or prior to July 1, 1973, if the person is receiving an annuity or benefit from a retirement fund specified in subdivision 4, clause (1), (2), (3) or (5), and any person who, on or before July 1, 1979, has attained the age of 65 and who is receiving a "\$2 bill and annuity" annuity from the retirement fund specified in subdivision 4, clause (6), shall be entitled to receive a post retirement adjustment from the applicable retirement fund in the amount specified in subdivision 3.

Subd. 2. [LIMIT ON NUMBER OF POST RETIREMENT ADJUSTMENTS PAYABLE.] Each lump sum post retirement adjustment provided for in this section for any person who is entitled to receive more than one post retirement adjustment payment in one year shall be reduced by dividing the amount of each post retirement adjustment payment by the total number of post retirement adjustment payments to which the person is entitled.

Subd. 3. [AMOUNT OF POST RETIREMENT ADJUSTMENT; PAYMENT.] For any person receiving an annuity or benefit on November 30, 1979, or on November 30, 1980, and entitled to receive a post retirement adjustment pursuant to subdivision 1, the post retirement adjustment shall be a lump sum payment in an amount equal to \$15 for each full year of allowable service credited to the person by the respective retirement fund. The post retirement adjustment provided for in this section shall be payable for those persons receiving an annuity or benefit on November 30, 1979, on December 1, 1979, and for those persons receiving an annuity or benefit on November 30, 1980, on December 1, 1980. Nothing in this section shall authorize the payment of a post retirement adjustment to an estate. Notwithstanding Minnesota Statutes, Section 356.18, the post retirement adjustment provided for in this section shall be paid automatically unless the intended recipient files a written notice with the retirement fund requesting that the post retirement adjustment not be paid.

Subd. 4. [COVERED RETIREMENT FUNDS.] The post retirement adjustment provided for in this section shall apply to the following retirement funds:

- (1) *Public employees retirement fund;*
- (2) *Public employees police and fire fund;*
- (3) *Teachers retirement fund;*
- (4) *Highway patrolmen's retirement fund;*
- (5) *State employees retirement fund of the Minnesota state retirement system; and*
- (6) *Minneapolis municipal employees retirement fund.*

Subd. 5. [APPROPRIATION.] There is hereby appropriated on December 1, 1979, the amount of \$11,600,000 for the purpose of funding the post retirement adjustments provided for in this section. The appropriation shall be apportioned to the retirement funds paying the post retirement adjustment as follows:

<i>public employees retirement fund</i>	<i>\$4,576,185</i>
<i>public employees police and fire fund</i>	<i>202,761</i>
<i>teachers retirement fund</i>	<i>3,169,648</i>
<i>highway patrolmen's retirement fund</i>	<i>129,661</i>
<i>state employees retirement fund</i>	<i>2,893,845</i>
<i>Minneapolis municipal employees retirement fund</i>	<i>627,900"</i>

Page 8, delete lines 1 through 26

Renumber the sections in sequence

Page 8, line 28, delete "*This act shall be*" and insert "*Sections 4, 5, 6, 7, 8 and 9 are effective the day following final enactment. The remainder of this act is*"

Amend the title as follows:

Page 1, line 2, delete "*teachers*" and insert "*various*"

Page 1, line 3, delete "*association*" and insert "*funds*"

Page 1, line 3, delete "*increase in*" and insert "*increasing*"

Page 1, line 3, delete "*contribution*" and insert "*contributions to the teachers retirement association and the teacher retirement fund associations in cities of the first class; increasing the employee contribution rate to the Minneapolis municipal employees retirement fund; providing a post retirement adjustment to certain retirees and benefit recipients of various retirement funds*"

Page 1, line 4, delete "*post retirement adjustment;*"

Page 1, line 6, delete the second "*and*" and after "*354A.12*" insert "*; 422A.03, Subdivisions 1 and 2; 422A.08, Subdivision 2; 422A.10, Subdivision 1; and Chapter 355, by adding a section.*"

The motion prevailed. So the amendment was adopted.

H. F. No. 746 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 46 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Luther	Rued	Tennessee
Bang	Gunderson	Menning	Schaaf	Ueland, A.
Benedict	Hughes	Merriam	Schmitz	Ulland, J.
Bernhagen	Jensen	Moe	Setzepfandt	Vega
Chenoweth	Keefe, J.	Ogdahl	Sieloff	Wegener
Coleman	Kirchner	Olhoft	Sikorski	Willet
Davies	Knaak	Penny	Staples	
Dieterich	Knoll	Pillsbury	Stokowski	
Engler	Laufenburger	Purfeerst	Strand	
Frederick	Lessard	Renneke	Stumpf	

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Ogdahl moved that S. F. No. 816, No. 24 on Special Orders be stricken and laid on the table. The motion prevailed.

Mrs. Staples moved that H. F. No. 268 be taken from the table. The motion prevailed.

H. F. No. 268: A bill for an act relating to children; establishing a program in the department of public welfare to allow subsidized adoptions under certain circumstances, appropriating money; amending Minnesota Statutes 1978, Chapter 259, by adding a section; repealing Minnesota Statutes 1978, Section 393.07, Subdivision 1a.

SUSPENSION OF RULES

Mrs. Staples moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 268 and that the rules of the Senate be so far suspended as to give H. F. No. 268 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 268 was read the second time.

H. F. No. 268 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Coleman	Engler	Gunderson	Kirchner
Benedict	Davies	Frederick	Hughes	Knaak
Bernhagen	Dieterich	Gearty	Jensen	Knoll

Knutson	Nelson	Pillsbury	Sieloff	Tennessee
Laufenburger	Ogdahl	Purfeerst	Sikorski	Ueland, A.
Lessard	Olhoff	Renneke	Solon	Ulland, J.
Luther	Olson	Rued	Spear	Vega
Menning	Penny	Schaaf	Staples	Wegener
Merriam	Perpich	Schmitz	Strand	Willet
Moe	Peterson	Setzepfandt	Stumpf	

So the bill passed and its title was agreed to.

Mrs. Staples moved that S. F. No. 510, No. 18 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Moe moved that H. F. No. 1605 be taken from the table. The motion prevailed.

H. F. No. 1605: A bill for an act relating to public improvements; authorizing the acquisition and betterment of public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of state building bonds; appropriating money, and authorizing a special levy.

SUSPENSION OF RULES

Mr. Moe moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 1605 and that the rules of the Senate be so far suspended as to give H. F. No. 1605 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 1605 was read the second time.

Mr. Moe moved to amend H. F. No. 1605 as follows:

Delete everything after the enacting clause and insert:

“Section 1. [PUBLIC LAND AND BUILDINGS; BUILDING FUND APPROPRIATIONS.] The sums set forth in the column designated “APPROPRIATIONS” are appropriated from the state building fund, or any other fund designated, to the state agencies indicated, to be expended for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, as more specifically described in the following sections of this act.

SUMMARY

STATE-WIDE	\$ 2,000,000
CAPITOL COMPLEX	1,585,000
NATURAL RESOURCES	587,500
EDUCATION	1,000,000
STATE UNIVERSITIES	6,221,000
COMMUNITY COLLEGES	300,000
UNIVERSITY OF MINNESOTA	43,972,000
CORRECTIONS	10,477,700
PUBLIC WELFARE	783,000
BOND SALE EXPENSES	35,000
TOTAL	\$66,961,200

APPROPRIATIONS

	1980	1981
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Sec. 2. [STATE-WIDE.]

To the commissioner of administration for energy conservation.		\$ 2,000,000
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This appropriation is only for energy projects that have an estimated payback in energy savings in five years or less.

The commissioner of administration shall present a proposed work program to the chairmen of the house appropriations and senate finance committees for review and comment prior to encumbering money for energy conservation.

None of this appropriation shall be used for painting walls.

Sec. 3. [CAPITOL COMPLEX.]

To the commissioner of administration for the purposes specified in this section		1,585,000
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(a) Repair Administration building parking ramp and plaza	\$ 462,000	
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(b) Replace roof on Ceremonial House and carriage house	93,000	
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(c) Replace roof on Transportation building	237,000	
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(d) Improve Centennial and Transportation building ventilation and air conditioning	223,000	
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(e) Remodel Ford building second floor storage to offices	347,000	
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(f) Complete Capitol complex exterior signage	50,000	
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(g) Repair, and improve capitol roof system	173,000	
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Sec. 4. [NATURAL RESOURCES.]

To the commissioner of administration to replace the water supply intake at the French River hatchery		587,500
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Debt service on this amount shall be paid from the game and fish fund.

Sec. 5. [EDUCATION.]

To the state board of education from the vocational-technical building fund for post-secondary vocational-technical construction in the school district listed in this section.

	1980	1981
	\$	\$
Independent School District No. 256, Red Wing		1,000,000

The total cost of the construction shall not exceed \$2,000,000, whether paid from state, local, or federal money.

This appropriation is available April 1, 1980, but only if school district No. 256 has certified in 1979 the levy authorized by a later section of this act.

Sec. 6. [STATE UNIVERSITIES.]

Subdivision 1. To the commissioner of administration for the purposes more specifically described in the following subdivisions of this section		6,221,000
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Subd. 2. Mankato Campus

Correct structural defects at Trafton Science Center	725,000	
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Subd. 3. St. Cloud Campus

Construct Halenbeck Hall addition	4,746,000	
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Subd. 4. System-wide

Rehabilitate roofs	750,000	
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Sec. 7. [COMMUNITY COLLEGES.]

Subdivision 1. To the commissioner of administration to plan facilities at Metropolitan Community College		300,000
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Sec. 8. [UNIVERSITY OF MINNESOTA.]

Subdivision 1. To the regents of the University of Minnesota for the purposes more specifically described in the following subdivisions of this section		43,972,000
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Subd. 2. Minneapolis Campus

(a) Construct civil and mineral engineering building	15,823,000	21,641,000
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(b) Develop women's softball facility. 118,000

(c) Convert heating plant to coal. 5,700,000

Subd. 3. St. Paul Campus		15,585,000
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(a) Construct veterinary medicine building	13,600,000	
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1980

1981

\$

\$

(b) Construct poultry research and teaching facility 1,985,000

Subd. 4. Duluth Campus

Construct business and economics building 3,320,000

Subd. 5. Crookston Campus

Construct physical education building and outdoor recreation complex 3,426,000

Subd. 6. Northwest Experiment Station at Crookston

The appropriation made by Laws 1978, Chapter 792, Section 11, Subdivision 9, Clause (b) for auditorium remodeling may be used for auditorium planning and working drawings.

Sec. 9. [CORRECTIONS.]

To the commissioner of administration for the purposes specified in this section. 10,477,700

(a) Construct new prison 10,200,000

This appropriation shall be added to the appropriation for this purpose made by Laws 1977, Chapter 451, Section 1, Subdivision 1.

This appropriation shall in no way constitute a waiver of any rights or remedies the state may exercise or pursue regarding project errors.

(b) Minnesota State Prison—

Essential renovations 147,800

(c) St. Cloud Reformatory—

Replace power cable to wall towers, and roof repairs 129,900

Sec. 10. [PUBLIC WELFARE.]

To the commissioner of administration to rehabilitate roofs at institutions under the control of the commissioner of public welfare 783,000

Sec. 11. [BOND SALE EXPENSES.]

To the commissioner of finance for bond sale expenses pursuant to Minnesota Statutes, Section 16A.64, Subdivision 4. 35,000

Sec. 12. [BOND SALE; DEBT SERVICE.] Subdivision 1. To provide the money appropriated in this act from the state building fund the commissioner of finance upon request of the governor shall sell and issue bonds of the state in the amount of \$65,965,000 in the manner and upon the terms prescribed by Minnesota Statutes, Sections 16A.63 to 16A.67 and by the Constitution, Article XI, Sections 4 to 7.

Subd. 2. To provide the money appropriated in this act from the vocational-technical building fund the commissioner of finance upon request of the governor shall sell and issue bonds of the state in the amount of \$1,000,000 in the manner and upon the terms prescribed in Minnesota Statutes, Section 121.215, and by the Constitution, Article XI, Sections 4 to 7. The proceeds of the bonds, except as provided in Minnesota Statutes, Section 121.215, Subdivision 5, are appropriated to the vocational-technical building fund for expenditure in accordance with this act.

Sec. 13. [CONSULTATION REQUIRED.] No land shall be purchased and no buildings shall be purchased, constructed, or erected on lands of the university until the regents have first consulted with the chairman of the senate finance committee and the chairman of the house appropriations committee and obtained their recommendation which are advisory only.

Sec. 14. [REVIEW OF PLANS.] Neither the commissioner of administration nor the board of regents of the University of Minnesota shall prepare final plans and specifications for any building authorized by this act until the using agency or department has presented the program and schematic plans to the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations on the plans. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 15. [APPROPRIATIONS FOR CONSTRUCTION; TRANSFER.] Upon the awarding of final contracts for the completion of any project for construction or other permanent improvement authorized by this act, the commissioner as to appropriations made to him and the regents as to appropriations made to them may transfer any unencumbered balance in the project account to any other project enumerated in the same section of the appropriation act as the project about to be completed. The money transferred pursuant to this section is appropriated for the purposes for which transferred. The commissioner of administration and the regents of the University of Minnesota shall report to the chairman of the house appropriations committee and the chairman of the senate finance committee on any transfer made pursuant to this section.

Sec. 16. [APPROPRIATIONS FOR CONSTRUCTION; FEDERAL MONEY; EXCEEDING AUTHORIZED COST.] The commissioner of administration and the board of regents of the University of Minnesota shall apply for the maximum federal share

for each capital improvement project for which money is appropriated by this act. Encumbrance or expenditure of money in excess of the project authorization shall be made only after the commissioner of administration and the board of regents have consulted with the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations on the proposed expenditure. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 17. [METHODS OF ACQUISITION.] Where money has been appropriated by this act to the commissioner of administration to acquire lands or sites for public buildings or real estate, acquisition may be by gift, purchase, or condemnation proceedings. Condemnation proceedings shall be pursuant to chapter 117.

Sec. 18. [RED WING; SPECIAL LEVY.] Independent School District No. 256, Red Wing, may levy in the years 1979, 1980, and 1981 for post-secondary vocational-technical purposes one mill, exclusive of debt service, times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee. The proceeds of this levy shall be used for the acquisition or betterment of lands or buildings or for capital improvements for post-secondary vocational-technical purposes.

Sec. 19. [EFFECTIVE DATE.] This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public improvements; authorizing the acquisition and betterment of public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of state building bonds; appropriating money."

The motion prevailed. So the amendment was adopted.

Mr. Purfeerst moved to amend H. F. No. 1605, as amended by the Senate May 19, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1569.)

Page 3, line 13, before "To" insert "Subdivison 1."

Page 3, after line 28, insert:

"Subd. 2. To the commissioner of administration for the purpose of preparing a plan for the demolition or alternative use of obsolete buildings and working drawings for the construction of a building for which construction costs shall not exceed \$4,200,000 for blind and multi-handicapped students on the campus of the Minnesota Braille and Sight Saving School."

The motion prevailed. So the amendment was adopted.

Mr. Davies moved to amend H. F. No. 1605, as amended by the Senate May 19, 1979, as follows:

(The text of the amended House File is identical to S. F. No. 1569.)

Page 5, delete lines 10 to 18

Reletter the clauses in sequence

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

H. F. No. 1605 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 52 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Menning	Purfeerst	Strand
Bang	Hughes	Merriam	Renneke	Stumpf
Benedict	Jensen	Moe	Rued	Tennessen
Bernhagen	Kirchner	Nelson	Schaaf	Ueland, A.
Brataas	Kleinbaum	Nichols	Schmitz	Ulland, J.
Coleman	Knaak	Olhoft	Setzepfandt	Vega
Dieterich	Knoll	Olson	Sieloff	Wegener
Engler	Knutson	Penny	Sillers	Willet
Frederick	Laufenburger	Perpich	Spear	
Gearty	Lessard	Peterson	Staples	
Gunderson	Luther	Pillsbury	Stokowski	

Messrs. Davies and Sikorski voted in the negative.

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

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Moe moved that S. F. No. 1569, No. 17 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Moe moved that H. F. No. 1606 be taken from the table. The motion prevailed.

H. F. No. 1606: A bill for an act relating to public improvements; authorizing alteration, repair, rehabilitation, equipping, and replacement of equipment of public buildings with certain conditions; authorizing purchase and sale of public lands and buildings; appropriating money.

SUSPENSION OF RULES

Mr. Moe moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota,

with respect to H. F. No. 1606 and that the rules of the Senate be so far suspended as to give H. F. No. 1606 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 1606 was read the second time.

Mr. Moe moved to amend H. F. No. 1606 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [PUBLIC LAND AND BUILDINGS; GENERAL AND OTHER FUND APPROPRIATIONS.] The sums set forth in the column designated "APPROPRIATIONS" are appropriated from the general fund, or any other fund designated, to the state agencies indicated to be expended in accordance with the provisions of this act.

SUMMARY

STATEWIDE	\$ 200,000
CAPITOL COMPLEX	1,008,000
STATE UNIVERSITIES	50,000
COMMUNITY COLLEGES	273,000
TRANSPORTATION	465,000
UNIVERSITY OF MINNESOTA	200,000
TOTAL	2,196,000

APPROPRIATIONS

	1980	1981
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Sec. 2. [STATEWIDE.]

To the commissioner of administration for an energy conservation survey		\$ 200,000
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Sec. 3. [CAPITOL COMPLEX.]

To the commissioner of administration for the purposes specified in this section		1,008,000
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(a) Reroute steam line to Veterans' Service building	\$133,000	
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(b) General remodeling of buildings	300,000	
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(c) Install additional paving, lighting and landscaping for parking lots Q and V	125,000	
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(d) Clean and repoint State Office and Historical Building exteriors	293,000	
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(e) Screen and light parking lots, and continue ground improvements	157,000	
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Sec. 4. [STATE UNIVERSITIES.]

To the chancellor of the state university system to modify electrical service at Bemidji State University		50,000
---	--	--------

	1980	1981
	\$	\$

Sec. 5. [COMMUNITY COLLEGES.]
 To the chancellor of the community college system to rehabilitate roofs, system-wide

273,000

Sec. 6. [TRANSPORTATION.]
 Subdivision 1. To the commissioner of transportation from the trunk highway fund for the purposes more specifically described in the following subdivisions of this section.

465,000

Subd. 2. To construct trunk highway rest area facilities as listed below

- | | |
|---------------------|---------|
| (a) Oakland Woods | 136,000 |
| (b) Albert Lea Lake | 136,000 |

Project costs shown in this subdivision are estimates only

Subd. 3. To remodel a surplus building at the veterans home, Hastings, for use as a truck station

193,000

Sec. 7. [UNIVERSITY OF MINNESOTA.]
 To the regents of the University of Minnesota for energy conservation, University-wide

200,000

Sec. 8. [REVIEW OF BUILDING PLANS.] The commissioner of administration and the commissioner of transportation shall not prepare final plans and specifications for any construction or major remodeling authorized by this act until the using agency or department has presented the program and schematic plans to the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendation thereon. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 9. [APPROPRIATIONS FOR CONSTRUCTION; TRANSFER.] Upon the awarding of final contracts for the completion of any project for construction or other permanent improvement authorized by this act, the commissioner of administration or the commissioner of transportation may transfer any unencumbered balance in the project account to any other project enumerated in the same section of the appropriation act as the project about to be completed. The money transferred pursuant to this section is appropriated for the purposes for which transferred. The commissioner shall report to the chairman of the house appro-

priations committee and the chairman of the senate finance committee on any transfer made pursuant to this section.

Sec. 10. [APPROPRIATIONS FOR CONSTRUCTION; FEDERAL MONEY; EXCEEDING AUTHORIZED COST.] The commissioner of administration and the commissioner of transportation shall apply for the maximum federal share for each capital improvement project for which money is appropriated by this act. Encumbrance or expenditure of money in excess of the project authorization shall be made only after the commissioner of administration or the commissioner of transportation has consulted with the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations on the proposed expenditure. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 11. [METHODS OF ACQUISITION.] Where money has been appropriated by this act to the commissioner of administration to acquire lands or sites for public buildings or real estate, acquisition may be by gift, purchase, or condemnation proceedings. Condemnation proceedings shall be pursuant to chapter 117.

Sec. 12. [EFFECTIVE DATE.] This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public improvements; authorizing alteration, repair, rehabilitation, equipping, and replacement of equipment of public buildings with certain conditions; authorizing purchase and sale of public lands and buildings; appropriating money."

The motion prevailed. So the amendment was adopted.

H. F. No. 1606 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Hughes	Lessard	Peterson	Strand
Bang	Jensen	Luther	Pillsbury	Tennessen
Benedict	Johnson	McCutcheon	Renneke	Ueland, A.
Bernhagen	Keefe, J.	Menning	Rued	Ulland, J.
Brataas	Keefe, S.	Merriam	Schaaf	Vega
Coleman	Kirchner	Moe	Schmitz	Wegener
Davies	Kleinbaum	Nelson	Sieloff	Willet
Dieterich	Knaak	Olhoff	Sikorski	
Gearty	Knoll	Olson	Solon	
Gunderson	Knutson	Penny	Staples	
Hanson	Laufenburger	Perpich	Stokowski	

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Moe moved that S. F. No. 1570, No. 25 on General Orders, be stricken and laid on the table. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Reports of Committees.

**REPORTS OF COMMITTEES
APPOINTMENTS**

Mr. Coleman from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H. F. No. 810: Messrs. Olson; Keefe, S., and Pillsbury.

H. F. No. 1563: Messrs. Moe, Kleinbaum, Schaaf, Purfeerst, and Bang.

H. F. No. 1198: Messrs. Peterson, Bernhagen, and Lessard.

H. F. No. 1241: Messrs. Willet, Purfeerst, and Dunn.

H. F. No. 13: Messrs. Menning, Sieloff, and Nelson.

Mr. Coleman moved that the foregoing appointments be approved. The motion prevailed.

Mr. Coleman from the Subcommittee on Bill Scheduling, to which were referred S. F. No. 1553 and H. F. No. 368 makes the following report:

That the above Senate File and House File be placed on the General Orders Calendar in the order indicated.

That there were no other bills before the Subcommittee on which floor action was requested.

Mr. Coleman moved the adoption of the foregoing committee report. The motion prevailed. Report adopted.

Pursuant to Rule 21, Mr. Coleman moved that the following members be excused at 12:25 o'clock a.m. for a Conference Committee on H. F. No. 1467:

Messrs. Coleman, Gearty, Nelson, Ashbach and Chenoweth. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Knoll moved that S. F. No. 84, No. 25 on Special Orders be stricken and laid on the table. The motion prevailed.

CALL OF THE SENATE

Mr. Pillsbury imposed a call of the Senate for the proceedings on H. F. No. 699. The following Senators answered to their names:

Bang	Engler	Jensen	Knaak	Moe
Benedict	Frederick	Keefe, S.	Knutson	Olhoff
Bernhagen	Gunderson	Kirchner	Lessard	Olson
Brataas	Hughes	Kleinbaum	Menning	Penny

Perpich
Peterson
Pillsbury
Purfeerst

Rued
Schaaf
Schmitz

Setzepfandt
Sieloff
Solon

Staples
Tennessee
Ueland, A.

Ulland, J.
Vega
Wegener

The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on H. F. No. 699, and the motion of Mr. Vega to strike the rule 49 amendment. The motion prevailed. So the amendment was stricken.

H. F. No. 699: A bill for an act relating to labor; increasing the minimum wage; providing for future increases; amending Minnesota Statutes 1978, Sections 177.23, Subdivision 7; and 177.24, Subdivision 1.

Mr. Pillsbury moved to amend H. F. No. 699 as follows:

Page 3, line 21, delete "\$2.61" and insert "\$2.47"

Page 3, line 22, delete "\$2.79" and insert "\$2.64"

Page 3, line 22, delete "\$3.02" and insert "\$2.85"

Page 3, line 23, after "1982" insert "; provided that an employer may pay to a full-time student employee a rate of not less than the rate for an employee under the age of 18 as provided in this section. The proportion of student hours of employment to the total hours of employment of all employees in an establishment shall not exceed ten percent, provided that no more than six full-time students are employed by an establishment at the lower student rate except as provided by section 3.

Full time student is a person who is regularly attending a high school, college, or university or regularly attending a course of vocational or technical training."

Page 3, after line 23, insert:

"Sec. 3. Minnesota Statutes 1978, Section 177.24 is amended by adding a subdivision to read:

Subd. 1a. An employer may employ full-time students in excess of those permitted by subdivision 1, at the student rate if the commissioner determines that the employment of these students will not create a substantial probability of reducing the full-time employment opportunities of other persons.

Sec. 4. *This act is effective January 1, 1980."*

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "establishing a student differential;"

Page 1, line 5, after "1" insert ", and by adding a subdivision"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 29, as follows:

Those who voted in the affirmative were:

Ashbach	Jensen	Menning	Rued	Ulland, J.
Bang	Keefe, J.	Ogdahl	Schmitz	Wegener
Bernhagen	Kirchner	Olson	Setzepfandt	
Brataas	Knaak	Penny	Sieloff	
Dunn	Knutson	Peterson	Strand	
Engler	Lessard	Pillsbury	Ueland, A.	

Those who voted in the negative were:

Anderson	Hanson	Luther	Olhoff	Spear
Benedict	Hughes	McCutcheon	Perpich	Staples
Coleman	Johnson	Merriam	Purfeerst	Stokowski
Dieterich	Keefe, S.	Moe	Schaaf	Tennessee
Gearty	Kleinbaum	Nelson	Sikorski	Vega
Gunderson	Knoll	Nichols	Solon	

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

H. F. No. 699 was read the third time, and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 9, as follows:

Those who voted in the affirmative were:

Anderson	Hughes	Luther	Purfeerst	Staples
Ashbach	Johnson	McCutcheon	Rued	Stokowski
Benedict	Keefe, J.	Menning	Schaaf	Strand
Brataas	Keefe, S.	Merriam	Schmitz	Tennessee
Coleman	Kirchner	Moe	Setzepfandt	Ulland, J.
Dieterich	Kleinbaum	Nelson	Sieloff	Vega
Dunn	Knaak	Ogdahl	Sikorski	Wegener
Gearty	Knoll	Olhoff	Sollers	
Gunderson	Laufenburger	Perpich	Solon	
Hanson	Lessard	Peterson	Spear	

Those who voted in the negative were:

Bang	Engler	Knutson	Penny	Ueland, A.
Bernhagen	Jensen	Olson	Pillsbury	

So the bill passed and its title was agreed to.

SPECIAL ORDER

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated H. F. No. 724, a Special Order to be heard immediately.

H. F. No. 724: A bill for an act relating to housing; providing for an increase in the authorization for bonds and notes for the housing finance agency; establishing a grant program for the construction of three or more bedroom apartment units; creating a grant program for accessible housing; increasing the spending and complement limits; making certain changes in the laws relating to the operation of the agency; appropriating money; amending Minnesota Statutes 1978, Sections 462A.05, Subdivision 15, and by adding subdivisions; 462A.07, Subdivision 15; 462A.21, Subdivision 6, and by adding subdivisions; and 462A.22, Subdivisions 1 and 1a.

CALL OF THE SENATE

Mr. Knoll imposed a call of the Senate. The following Senators answered to their names:

Ashbach	Hughes	Menning	Purfeerst	Spear
Behedict	Johnson	Merriam	Renneke	Staples
Bernhagen	Kirchner	Ogdahl	Rued	Tennessen
Coleman	Kleinbaum	Olhoff	Schaaf	Ueland, A.
Dunn	Knaak	Olson	Schmitz	Vega
Engler	Knoll	Penny	Setzepfandt	Wegener
Gearty	Lessard	Perpich	Sieloff	Willet
Hanson	McCutcheon	Pillsbury	Sillers	

The Sergeant at Arms was instructed to bring in the absent members.

Mr. Knoll moved to amend H. F. No. 724, the unofficial engrossment, as follows:

Page 4, after line 6, insert:

“Sec. 4. Minnesota Statutes 1978, Section 462A.21, is amended by adding a subdivision to read:

Subd. 11. The agency may make loans to owners of rental property of four units or more that is at least 15 years old and occupied at the time of loan closing by low and moderate income tenants, for the purposes of moderate rehabilitation and energy improvements necessary to bring the property into compliance with section 116H.129, subdivision 3. The authority granted in this subdivision is in addition to and not in limitation of any other authority granted to the agency in this chapter. Loans made pursuant to this subdivision shall only be made with the proceeds of bonds and notes, and shall not include any appropriated money.”

Page 6, delete Section 9

Page 7, line 29, delete “\$44,750,000” and insert “\$42,500,000”

Page 8, line 3, delete “\$21,000,000” and insert “\$19,350,000”

Page 8, line 8, delete “\$7,500,000” and insert “\$7,660,000”

Page 8, line 11, delete “\$2,500,000” and insert “\$2,000,000”

Page 8, line 14, delete “\$8,000,000” and insert “\$7,760,000”

Page 8, line 17, delete “\$3,500,000” and insert “\$3,480,000”

Page 9, line 3, delete subdivision 10

Page 9, line 18, delete “11” and insert “10”

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

H. F. No. 724 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 46 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Humphrey	Merriam	Renneke	Tennessen
Bang	Keefe, S.	Moe	Rued	Ueland, A.
Benedict	Kirchner	Nelson	Schaaf	Ulland, J.
Bernhagen	Kleinbaum	Ogdahl	Schmitz	Vega
Chenoweth	Knoll	Olhoff	Setzepfandt	Wegener
Davies	Knutson	Olson	Sieloff	Willet
Dieterich	Laufenburger	Penny	Sikorski	
Engler	Lessard	Peterson	Solon	
Gunderson	Luther	Pillsbury	Spear	
Hughes	Menning	Purfeerst	Staples	

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

Pursuant to Rule 21, Mr. Coleman moved that the following members be excused for a Conference Committee on H. F. No. 1495.

Messrs. McCutcheon, Johnson, Hanson, Stokowski and Sillers. The motion prevailed.

CALL OF THE SENATE

Mr. Tennessen imposed a call of the Senate. The following Senators answered to their names:

Anderson	Kleinbaum	Ogdahl	Schaaf	Ueland, A.
Bang	Knoll	Olhoff	Schmitz	Ulland, J.
Benedict	Knutson	Olson	Setzepfandt	Vega
Davies	Laufenburger	Penny	Solon	Wegener
Hughes	Lessard	Perpich	Staples	Willet
Humphrey	Menning	Purfeerst	Strand	
Kirchner	Merriam	Rued	Tennessen	

The Sergeant at Arms was instructed to bring in the absent members.

SPECIAL ORDER

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated H. F. No. 360 a Special Order to be heard immediately.

H. F. No. 360: A bill for an act relating to commerce; extending an exception for certain loans from the usury laws; amending Minnesota Statutes 1978, Section 334.01, Subdivision 2.

Mr. Tennessen moved to amend H. F. No. 360 as follows:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1978, Section 47.53, is amended to read:

47.53 [FUNCTIONS OF A FACILITY.] The ~~function~~ functions of the detached facility shall be limited to opening deposit accounts, receiving deposits of every kind, cashing checks or orders to pay, issuing drafts, money orders and travelers checks,

accepting loan applications making loans and receiving payments payable at the bank.

Sec. 2. Minnesota Statutes 1978, Section 48.19, Subdivision 1, is amended to read:

48.19 [LOANS ON REAL ESTATE RESTRICTED.] Subdivision 1. [RESTRICTIONS; EXCEPTION.] No bank or trust company shall make any loan upon the security of real estate unless it is a first lien thereon, except that a bank or trust company may take a junior lien: (a) upon real estate to secure a loan previously contracted; or (b) upon farm real estate to secure a loan made to a farmer who resides in a county which due to weather conditions is a declared federal disaster area at the time the loan contract is signed ; or (c) upon real estate to secure a loan if (1) the total unpaid aggregate of all loans secured by liens against the same real estate does not exceed 80 percent of its appraised value, and (2) the aggregate outstanding indebtedness on all loans made by a bank or trust company which are secured by junior liens otherwise prohibited under this section, does not exceed 15 percent of the total time and savings deposits of the bank or trust company as of its most recent published statement . Before any such loans are made the value of the real estate shall be determined by an appraisal made by a committee appointed by the board of directors, which appraisal shall be made a matter of record; except that the board may accept an appraisal made by or for an agency of the United States government when such agency is guaranteeing or insuring the loan or any part thereof.

A bank may take additional liens on the same security and these shall be considered to be part of the same mortgage lien thereon providing it has been established that there are no intervening liens.

Loans in which the small business administration cooperates through agreements to participate on an immediate or deferred basis under the federal small business act or loans or obligations secured or guaranteed by the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States, shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate."

Page 1, after line 22, insert:

"Sec. 4. [REPEALER.] *Minnesota Statutes, Section 48.185, Subdivision 2, as amended by Laws 1979, Chapter 101, is repealed.*

Sec. 5. [EFFECTIVE DATE.] *This act is effective the day following its final enactment.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon insert "authorizing the closing of loans at detached facilities; authorizing banks and trust companies to take junior liens under certain circumstances;"

Page 1, line 4, delete "Section" and insert "Sections 47.53; 48.19, Subdivision 1;"

Page 1, line 5, before the period, insert "; repealing Minnesota Statutes 1978, Section 48.185, Subdivision 2, as amended"

The motion prevailed. So the amendment was adopted.

Mr. Laufenburger moved to amend H. F. No. 360 as follows:

Page 1, after line 22, insert:

"Sec. 2. Minnesota Statutes 1978, Section 334.16, Subdivision 1, is amended to read:

334.16 [FINANCE CHARGES FOR OPEN END CREDIT SALES.] Subdivision 1. [LIMITATION OF RATES.] The imposition, charge or collection of a finance charge upon an account balance by a seller of goods, services or both shall be lawful, provided that:

(a) The sale is a consumer credit sale pursuant to an open end credit plan, agreement or arrangement between the buyer and seller under which (1) the seller may permit the buyer to make purchases from time to time from the seller or other sellers, (2) the buyer has the privilege of paying the balance in full or in installments, and (3) a finance charge may be computed by the seller from time to time on an outstanding unpaid balance; and

(b) The terms of the plan, agreement or arrangement provide for a periodic rate of finance charge which does not exceed one and one third percent per month computed on an amount no greater than the average daily balance of the account during each monthly billing cycle; provided a minimum finance charge not in excess of 50 cents per month may be imposed, charged or collected.

Sec. 3. [COMPUTATION OF AVERAGE DAILY BALANCE.] *The calculation of the average daily balance for the purpose of the limitation on rates imposed by Minnesota Statutes, Section 334.16, Subdivision 1, Clause (b) shall be made by excluding from the daily balances the amount of each sale from the date of sale until the last day of the regular billing cycle during which the sale was made. The portion of any balance arising from the sale of goods which are returned shall be excluded from the unpaid balance as of the date the goods are returned.*

Sec. 4. *This act is effective August 1, 1979, but sections 2 and 3 shall not apply to account balances outstanding on the effective date of this act, and the finance charge on outstanding balances shall not exceed the amounts permitted under laws existing immediately preceding the effective date of this act.*"

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "increasing permissible finance charges for open end credit sales; providing for calculation of finance charges on open end credit sales;"

Page 1, line 4, delete "Section" and insert "Sections"

Page 1, line 5, before the period, insert "; and 334.16, Subdivision 1"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 38 and nays 14, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Leasard	Purfeerst	Staples
Bang	Jensen	Menning	Renneke	Strand
Bernhagen	Keefe, J.	Nichols	Rued	Tennessee
Brataas	Kirchner	Ogdahl	Schaaf	Ueland, A.
Davies	Kleinbaum	Olson	Schmitz	Ulland, J.
Dunn	Knoll	Penny	Setzpfandt	Wegener
Engler	Knutson	Peterson	Sieloff	
Frederick	Laufenburger	Pillsbury	Solon	

Those who voted in the negative were:

Benedict	Hughes	Merriam	Sikorski	Vega
Chenoweth	Keefe, S.	Olhoft	Spear	Willet
Dieterich	Luther	Perpich	Stumpf	

The motion prevailed. So the amendment was adopted.

H. F. No. 360 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 39 and nays 11, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Laufenburger	Pillsbury	Solon
Bang	Jensen	Leasard	Purfeerst	Staples
Bernhagen	Keefe, J.	Menning	Renneke	Strand
Brataas	Kirchner	Nichols	Rued	Tennessee
Davies	Kleinbaum	Ogdahl	Schaaf	Ueland, A.
Dunn	Knaak	Olson	Schmitz	Ulland, J.
Engler	Knoll	Penny	Setzpfandt	Wegener
Frederick	Knutson	Peterson	Sieloff	

Those who voted in the negative were:

Benedict	Keefe, S.	Merriam	Perpich	Spear
Dieterich	Luther	Olhoft	Sikorski	Vega
Hughes				

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

MOTIONS AND RESOLUTIONS—CONTINUED CONFIRMATION

Mr. Willet moved that the report from the Committee on Agriculture and Natural Resources, reported May 18, 1979, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Willet moved that the foregoing report be now adopted. The motion prevailed.

Mr. Willet moved that in accordance with the report from the Committee on Agriculture and Natural Resources, reported May 18, 1979, the Senate, having given its advice, do now consent to and confirm the appointment of:

MINNESOTA POLLUTION CONTROL AGENCY DIRECTOR

Marcelle (Terry) Hoffman, 405 Portland Avenue, St. Paul, Ramsey County, effective February 5, 1979, for a term expiring the first Monday in January, 1983.

The motion prevailed. So the appointment was confirmed.

SUSPENSION OF RULES

Mr. Davies moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 703 and that the rules of the Senate be so far suspended as to give H. F. No 703, now on Special Orders, its third reading and place it on its final passage. The motion prevailed.

H. F. No. 703: A bill for an act relating to accountancy; providing for licensing of public accountants; prohibiting certain practices; appropriating money; providing penalties; amending Minnesota Statutes 1978, Sections 326.17; 326.18; 326.20, Subdivisions 1 and 2; and Chapter 326, by adding sections.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 44 and nays 0, as follows:

Those who voted in the affirmative were:

Bang	Gunderson	Luther	Purfeerst	Staples
Benedict	Hughes	Menning	Renneke	Strand
Bernhagen	Keefe, S.	Moe	Rued	Tennessee
Brataas	Kirchner	Nichols	Schaaf	Ueland, A.
Coleman	Kleinbaum	Ogdahl	Schmitz	Ulland, J.
Davies	Knaak	Olhoft	Setzepfandt	Vega
Dieterich	Knutson	Penny	Sikorski	Wegener
Dunn	Laufenburger	Perpich	Solon	Willet
Engler	Lessard	Pillsbury	Spear	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 8:00 o'clock a.m., Monday, May 21, 1979. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FIFTY-NINTH DAY

St. Paul, Minnesota, Monday, May 21, 1979

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

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Benedict	Hughes	Moe	Schmitz	Tennessee
Bernhagen	Keefe, S.	Ogdahl	Sieloff	Ueland, A.
Chmielewski	Kirchner	Olhoft	Sikorski	Ulland, J.
Coleman	Kleinbaum	Olson	Sillers	Vega
Davies	Knaak	Perpich	Solon	Wegener
Dieterich	Laufenburger	Peterson	Spear	Willet
Engler	Lessard	Pillsbury	Staples	
Frederick	Luther	Purfeerst	Stokowski	
Gearty	McCutcheon	Rued	Strand	
Gunderson	Menning	Schaaf	Stumpf	

The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Father Nicholas J. Finn.

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

Anderson	Gearty	Laufenburger	Peterson	Staples
Ashbach	Gunderson	Lessard	Pillsbury	Stokowski
Bang	Hanson	Luther	Purfeerst	Strand
Benedict	Hughes	McCutcheon	Renneke	Stumpf
Bernhagen	Humphrey	Menning	Rued	Tennessee
Brataas	Jensen	Merriam	Schaaf	Ueland, A.
Chenoweth	Johnson	Moe	Schmitz	Ulland, J.
Chmielewski	Keefe, J.	Nelson	Schrom	Vega
Coleman	Keefe, S.	Nichols	Setzepfandt	Wegener
Davies	Kirchner	Ogdahl	Sieloff	Willet
Dieterich	Kleinbaum	Olhoft	Sikorski	
Dunn	Knaak	Olson	Sillers	
Engler	Knoll	Penny	Solon	
Frederick	Knutson	Perpich	Spear	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Mr. Schrom was excused from the Session of today. Messrs. Anderson, Ogdahl and Peterson were excused from the Session

of today from 8:45 o'clock a.m., to 12:30 o'clock p.m. Mr. Humphrey was excused from the Session of today until 11:00 o'clock a.m. Mr. Menning was excused from the Session of today until 9:05 o'clock a.m. Mr. Nelson was excused from the Session of today until 9:30 o'clock a.m. Mr. Sieloff was excused from the Session of today from 10:00 to 11:00 o'clock a.m.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Ashbach introduced—

S. F. No. 1594: A bill for an act relating to the operation of state government; authorizing the governor to appoint a special investigator to follow up on evidence relating to audits of various state agencies and executive branch offices and to institute civil actions to recover state funds or other assets misappropriated; appropriating money; providing penalties.

Referred to the Committee on Governmental Operations.

Mr. Nichols introduced—

S. F. No. 1595: A bill for an act relating to highway traffic regulations; providing procedures for weighing certain suspected overweight motor vehicles; providing a penalty; amending Minnesota Statutes 1978, Section 169.85.

Referred to the Committee on Transportation.

Messrs. Purfeerst, Kirchner, Luther, Laufenburger and Setzpfandt introduced—

S. F. No. 1596: A bill for an act relating to motor vehicles; requiring mandatory annual inspection of motor vehicles; prescribing powers and duties of the commissioner of public safety and the pollution control agency; imposing fees for inspection; prescribing penalties; appropriating money.

Referred to the Committee on Transportation.

Messrs. Sikorski and Purfeerst introduced—

S. F. No. 1597: A bill for an act relating to agriculture; providing for agricultural preserves; providing property tax relief; appropriating money.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Solon, Bang and Laufenburger introduced—

S. F. No. 1598: A bill for an act relating to financial institutions; permitting industrial loan and thrift companies to take liens

on real estate; authorizing a charge for extended first payment periods on loans; permitting deferment charges; amending Minnesota Statutes 1978, Section 53.04, Subdivisions 3 and 4, and by adding a subdivision.

Referred to the Committee on Commerce.

MESSAGES FROM THE HOUSE

Mr. President:

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

S. F. No. 765: A bill for an act relating to the state civil service; including veterans in the protected group for the purpose of the statewide affirmative action program; amending Minnesota Statutes 1978, Section 43.15, Subdivision 1.

Senate File No. 765 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

Mr. Chmielewski moved that S. F. No. 765 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 528: A bill for an act relating to courts; conforming civil fees collected by the Hennepin County municipal court with the district court; amending Minnesota Statutes 1978, Section 488A.03, Subdivision 11.

Four members of the House have been appointed to such committee on the part of the House as follows: Ellingson, Faricy, Crandall and Norman.

Senate File No. 528 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 917: A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increas-

ing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance; establishing a reopened case fund; establishing a voluntary group self-insurance association; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, Subdivision 2, and by adding subdivisions; 79.095; 79.10; 79.21; 79.22, by adding a subdivision; 79.25; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.081, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivision 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179; 176.181, Subdivision 2, and by adding a subdivision; 176.191; 176.231, Subdivisions 1 and 2; 176.235, Subdivision 1; 176.241; 176.271; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding a section; repealing Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7.

Four members of the House have been appointed to such committee on the part of the House as follows: Simoneau, Begich, Heinitz and Kaley.

Senate File No. 917 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 444 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 444 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 444

A bill for an act relating to intoxicating liquor; authorizing the city of Spring Lake Park to issue an on-sale intoxicating liquor license to a club in existence for less than 15 years.

May 19, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 444, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendments and that H. F. No. 444 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 340.11, Subdivision 11, is amended to read:

Subd. 11. [ON-SALE LICENSES, INCLUDING HOTELS, CLUBS, RESTAURANTS, AND ON-SALE EXCLUSIVE LIQUOR STORES.] "On-sale" licenses may be issued by municipalities for the sale of intoxicating liquors in hotels, clubs, restaurants and establishments for the sale of "on-sale" liquors exclusively within the number authorized by this section. Except in a city of the first class and in addition to the number of licenses authorized by this section, an "on-sale" license may be issued, if approved by the commissioner of public safety, to a bona fide club which has been in existence for 15 years or more or to a congressionally chartered veterans' organization which has been in existence for 10 years. Such a club or veterans' organization shall be incorporated in order to be eligible to apply for a license, and the license issued shall be for the sale of intoxicating liquors to members and bona fide guests only. The license fee for such an "on-sale" license issued by a municipality pursuant to this subdivision is \$100 unless the municipality sets a higher amount. Except in cities of the first, second, and third class, a license may be issued jointly to congressionally chartered veterans' organizations which otherwise qualify under this subdivision.

Sec. 2. *Notwithstanding any law to the contrary, the cities of Spring Lake Park, Hermantown and Waseca may each issue one license for the on-sale of intoxicating liquor to a bona fide club, as defined in Minnesota Statutes, Section 340.07, Subdivision 15, which has been in existence for less than 15 years but which holds a charter from a national organization which has been in existence for 15 years or more. The license shall be subject to approval by the commissioner of public safety and shall be for the sale of intoxicating liquor to members and bona fide guests only. The fee for the license shall be \$100 unless the municipality sets a higher amount. The license so authorized shall be in addition to the number authorized by Minnesota Statutes, Section 340.11, Subdivision 5a.*

Sec. 3. *Section 2 of this act is effective for each of the cities named in section 2 upon approval by the governing body of the respective cities and compliance with the provisions of Minnesota Statutes, Section 645.021."*

Further amend the title as follows:

Delete the title and insert:

"A bill for an act relating to intoxicating liquor; allowing municipalities to set license fees in excess of \$100 for club on-sale licenses; allowing the cities of Spring Lake Park, Hermantown and Waseca to issue on-sale licenses to clubs in existence for less than 15 years; amending Minnesota Statutes 1978, Section 340.11, Subdivision 11."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Paul McCarron, John J. Sarna, Bob Anderson, John S. Biersdorf

Senate Conferees: (Signed) David D. Schaaf, John C. Chenoweth, Nancy Brataas

Mr. Schaaf moved that the foregoing recommendations and Conference Committee Report on H. F. No. 444 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 444: A bill for an act relating to intoxicating liquor; allowing municipalities to set license fees in excess of \$100 for club on-sale licenses; allowing the cities of Spring Lake Park, Hermantown and Waseca to issue on-sale licenses to clubs in existence for less than 15 years; amending Minnesota Statutes 1978, Section 340.11, Subdivision 11.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gearty	Laufenburger	Purfeerst	Spear
Benedict	Gunderson	Lessard	Renneke	Staples
Bernhagen	Hanson	Luther	Rued	Strand
Brataas	Hughes	McCutcheon	Schaaf	Stumpf
Chmielewski	Johnson	Moe	Schmitz	Tennessee
Coleman	Keefe, S.	Olhoft	Setzepfandt	Ueland, A.
Davies	Kirchner	Olson	Sieloff	Ulland, J.
Dieterich	Kleinbaum	Penny	Sikorski	Vega
Engler	Knaak	Perpich	Sillers	Wegener
Frederick	Knoll	Pillsbury	Solon	Willet

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 772 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 772 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 19, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 772

A bill for an act relating to highways; allowing private landowners to install drainage tiles in highway right-of-way; amending Minnesota Statutes 1978, Section 160.20, by adding a subdivision.

May 19, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 772, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 772 be further amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 160.20, is amended by adding a subdivision to read:

Subd. 3. [INSTALLATION OF DRAIN TILE ALONG OR ACROSS HIGHWAY RIGHT-OF-WAY.] (a) When the course of natural drainage of any land runs to a highway, the owner of the land who has been granted a permit as provided in this subdivision may install drain tile along or across the highway right-of-way along the general course of the natural drainageway, provided further that there will be no diversion of drainage waters away from the natural receiving drainageway immediately downstream from the highway. Any installation shall be made in accordance with specifications set forth in the permit and any rules that apply to the installations. When any installation is made pursuant to this subdivision the highway shall be left in as good condition in every respect as it was before the installation was made.

(b) Any road authority may accept applications for permits for installation of drain tile along or across the right-of-way of a highway under its jurisdiction. The road authority may adopt reasonable rules for the installations and may require a bond before granting any permit. Permits for installation along a highway right-of-way shall insure that the length of the installation is restricted to the minimum necessary to achieve the desired agricultural benefits. No permit shall allow any open trenches to be left on the right-of-way after installation of drain tile is completed. A road authority that grants a permit for drain tile installation shall not be responsible for any damage to that installation resulting from the action of the authority or any other permittee utilizing the right-of-way.

(c) Any person who installs drain tile along or across a highway right-of-way without obtaining a permit as provided in this subdivision is guilty of a misdemeanor.

(d) The commissioner shall take no action pursuant to this subdivision which will result in the loss of any federal aid for highway construction in this state.

(e) For the purpose of this subdivision "highway" means any highway as defined in chapter 160 which is located outside the corporate limits of any home rule charter or statutory city.

Sec. 2. [EFFECTIVE DATE.] This act is effective the day following final enactment."

Further, amend the title as follows:

Page 1, line 3, delete "in" and insert "along and across" and after "right-of-way" insert "under certain conditions; prescribing a penalty"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Adolph L. Kvam, Cal R. Ludeman, Stanley J. Fudro, Bob McEachern

Senate Conferees: (Signed) Timothy J. Penny, Collin C. Peterson, Mel Frederick

Mr. Penny moved that the foregoing recommendations and Conference Committee Report on H. F. No. 772 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 772: A bill for an act relating to highways; allowing private landowners to install drainage tiles along and across highway right-of-way under certain conditions; prescribing a penalty; amending Minnesota Statutes 1978, Section 160.20, by adding a subdivision.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 46 and nays 2, as follows:

Those who voted in the affirmative were:

Ashbach	Hughes	McCutcheon	Schaaf	Tennesen
Bernhagen	Johnson	Moe	Schmitz	Ueland, A.
Brataas	Keefe, S.	Olhoff	Setzepfandt	Ulland, J.
Coleman	Kirchner	Olson	Sieloff	Vega
Davies	Kleinbaum	Penny	Sikorski	Wegener
Engler	Knaak	Perpich	Sillers	Willet
Frederick	Knoll	Pillsbury	Spear	
Gearty	Laufenburger	Purfeerst	Staples	
Gunderson	Lessard	Renneke	Strand	
Hanson	Luther	Rued	Stumpf	

Messrs. Benedict and Dieterich voted in the negative.

So the bill, as amended by the Conference Committee, was re-passed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 218 and re-passed said bill in accordance with the report of the Committee, so adopted.

House File No. 218 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 19, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 218

A bill for an act relating to public utilities; removing cooperative telephone associations from the rate jurisdiction of the public service commission; granting associations an option as to rate regulation; amending Minnesota Statutes 1978, Section 237.06.

May 18, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 218, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 218 be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Section 237.075, is amended by adding a subdivision to read:

Subd. 9. For the purposes of this section, “telephone company” shall not include a cooperative telephone association organized under the provisions of chapter 308, or a municipal, unless the cooperative telephone association or municipal makes the election provided in this subdivision.

A cooperative telephone association may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by the board of directors of the association in accordance with the procedures for amending the articles of incorporation contained in section 308.15, subdivision 1, excluding the filing requirements; or (b) approved by a majority of members or stockholders voting by mail ballot initiated by

petition of no fewer than five percent of the members or stockholders of the association. The ballot to be used for the election shall be approved by the board of directors and the department of public service. The department shall mail the ballots to the association's members who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the board of directors. On this date, representatives of the department and the association shall count the ballots. If a majority of the association's members who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted.

A municipal may elect to become subject to rate regulation by the commission pursuant to this section. The election shall be (a) approved by resolution of the governing body of the municipality; or (b) approved by a majority of the customers of the municipal voting by mail ballot initiated by petition of no fewer than 20 percent of the customers of the municipal. The ballot to be used for the election shall be approved by the governing body of the municipality and the department of public service. The department shall mail the ballots to the municipal's customers who shall return the ballots to the department. The department will keep the ballots sealed until a date agreed upon by the department and the governing body of the municipality. On this date, representatives of the department and the municipal shall count the ballots. If a majority of the customers of the municipal who vote elect to become subject to rate regulation by the commission, the election shall be effective 30 days after the date the ballots are counted.

Sec. 2. Minnesota Statutes 1978, Section 237.081, is amended by adding a subdivision to read:

Subd. 1a. Upon a complaint made against any cooperative telephone association or a municipal telephone utility by the governing body of any political subdivision, or by no fewer than five percent of the consumers of the particular cooperative telephone association or municipal telephone utility, that any of the rates, tolls, tariffs, charges or schedules or any regulation, measurement, practice, act or omission affecting or relating to the production, transmission, delivery or furnishing of telephone service or any service in connection therewith is in any respect unreasonable, insufficient or unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission shall proceed to make an investigation as it may deem necessary. The commission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest.

Sec. 3. Minnesota Statutes 1978, Section 237.081, Subdivision 4, is amended to read:

Subd. 4. Whenever the commission shall find that any service which can be reasonably demanded cannot be obtained, or that any of the rates, tolls, tariffs, charges or schedules or any regulation, measurement, practice, act or omission affecting or relating

to the production, transmission, delivery or furnishing of telephone service or any service in connection therewith is in any respect unreasonable, insufficient or unjustly discriminatory, or that any service is inadequate, the commission shall determine and by order fix reasonable regulations, acts, practices or service to be furnished, imposed, observed and followed in the future in lieu of those found to be unreasonable, inadequate or otherwise unlawful, and shall make such other an order respecting such the rates, tolls, tariffs, regulation, act, omission, practice or service as shall be that is just and reasonable.

Sec. 4. [EFFECTIVE DATE.] *This act is effective on the day following final enactment. This act is effective in respect to applications for cooperative telephone association or municipal rate changes pending before the commission on the effective date of this act and no refunds of increased cooperative telephone association or municipal rates ordered after the effective date of this act shall be necessary, unless the cooperative telephone association or municipal elects to be subject to rate regulation on or before 60 days after the effective date of this act."*

Further, amend the title by deleting it in its entirety and inserting:

"A bill for an act relating to telephone companies; requiring telephone cooperatives and municipals to obtain prior approval of rates only if they elect to be so regulated by the public service commission; giving the public service commission the power to investigate and determine cases upon complaint against telephone cooperatives and municipals; amending Minnesota Statutes 1978, Sections 237.075, by adding a subdivision; and 237.081, Subdivision 4, and by adding a subdivision."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) David O. Fjoslien, Warren (Tom) Stowell, Leo G. Adams, David P. Battaglia

Senate Conferees: (Signed) Wayne Olhoft, Jack Davies, Carl A. Jensen

Mr. Olhoft moved that the foregoing recommendations and Conference Committee Report on H. F. No. 218 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 218: A bill for an act relating to telephone companies; requiring telephone cooperatives and municipals to obtain prior approval of rates only if they elect to be so regulated by the public service commission; giving the public service commission the power to investigate and determine cases upon complaint against telephone cooperatives and municipals; amending Minnesota Statutes 1978, Sections 237.075, by adding a subdivision; and 237.081, Subdivision 4, and by adding a subdivision.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 47 and nays 4, as follows:

Ashbach	Hanson	McCutcheon	Schaaf	Stumpf
Bang	Hughes	Moe	Schmitz	Tennessee
Benedict	Kirchner	Olhoff	Setzepfandt	Ueland, A.
Bernhagen	Kleinbaum	Olson	Sieloff	Ulland, J.
Brataas	Knaak	Penny	Sikorski	Vega
Coleman	Knoll	Perpich	Sillers	Wegener
Davies	Knutson	Pillsbury	Solon	Willet
Engler	Laufenburger	Purfeerst	Staples	
Frederick	Lessard	Renneke	Stokowski	
Gearty	Luther	Rued	Strand	

Messrs. Dieterich; Johnson; Keefe, S. and Spear voted in the negative.

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 990: A bill for an act relating to energy; clarifying the procedures for declaring an energy emergency; prescribing the powers of the governor and executive council in an emergency; providing for the issuance of emergency rules by the director of the energy agency; prescribing additional elements of the energy emergency conservation and allocation plan; providing for earth sheltered construction zoning variances; prohibiting local governments from banning earth sheltered construction; requiring certain building energy reports and audits; providing for an adult and post-secondary energy education plan; limiting the time for application for certain variances; providing a method for determining certain efficiencies for air conditioners; providing partial funding to school districts, municipalities and counties for energy audits and energy conservation measures; requiring the commissioner of administration to prepare plans for new buildings that utilize alternative energy sources; establishing a state building solar demonstration program; requiring notice to the Minnesota energy agency of the proposed discontinuance of municipal steam heat systems; appropriating funds to the energy agency for various energy related purposes; prescribing a penalty; authorizing a weatherization program for low-income persons; amending Minnesota Statutes 1978, Sections 12.02, Subdivision 1; 12.03, Subdivision 4, and by adding a subdivision; 12.21, Subdivisions 1 and 3, and by adding a subdivision; 12.28; 12.32; 16.32, by adding a subdivision; 116H.02, Subdivisions 3 and 5, and by adding subdivisions; 116H.08; 116H.09, Subdivisions 1, 4 and 5; 116H.11; 116H.12, Subdivisions 1a, 1b, 3a, 3b, and 10; 116H.122; 116H.123;

116H.124; 116H.126; 116H.13; 116H.15; 120.78, Subdivision 1; 325.989, by adding a subdivision; 394.25, Subdivision 3; 394.27, Subdivision 7; 451.09; 462.357, Subdivisions 1 and 6; 462A.02, by adding a subdivision; and Chapter 116H, by adding a section; and Chapter 268, by adding a section; repealing Minnesota Statutes 1978, Section 116H.125.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows: Dean, Wigley, Nelson and Corbid.

House File No. 990 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 19, 1979

Mr. Anderson moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 990, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

MOTIONS AND RESOLUTIONS

Mr. Peterson moved that the name of Mr. Sikorski be added as co-author to S. F. No. 1292. The motion prevailed.

Mr. Spear moved that H. F. No. 272 be taken from the table. The motion prevailed.

SUSPENSION OF RULES

Mr. Spear moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 272 and that the rules of the Senate be so far suspended as to give H. F. No. 272 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 272 was read the second time.

H. F. No. 272: A bill for an act relating to public welfare; child care services; defining a sliding fee schedule payment plan for child care; appropriating money; amending Minnesota Statutes 1978, Section 245.84, Subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Bernhagen	Coleman	Frederick	Hanson
Bang	Brataas	Davies	Gearty	Hughes
Benedict	Chmielewski	Dieterich	Gunderson	Johnson

Keefe, S.	Luther	Purfeerst	Sillers	Ueland, A.
Kirchner	McCutcheon	Renneke	Solon	Ulland, J.
Kleinbaum	Moe	Rued	Spear	Vega
Knaak	Olhoft	Schaaf	Staples	Wegener
Knoll	Olson	Schmitz	Stokowski	Willet
Knutson	Penny	Setzepfandt	Strand	
Laufenburger	Perpich	Sieloff	Stumpf	
Lessard	Pillsbury	Sikorski	Tennessee	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Spear moved that S. F. No. 266, now on Special Orders be stricken and laid on the table. The motion prevailed.

Mr. Chmielewski moved that S. F. No. 765 be taken from the table. The motion prevailed.

S. F. No. 765: A bill for an act relating to the state civil service; including veterans in the protected group for the purpose of the statewide affirmative action program; amending Minnesota Statutes 1978, Section 43.15, Subdivision 1.

CONCURRENCE AND REPASSAGE

Mr. Chmielewski moved that the Senate concur in the amendments by the House to S. F. No. 765 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 765 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 52 and nays 3, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Luther	Renneke	Strand
Bang	Hanson	McCutcheon	Rued	Stumpf
Benedict	Johnson	Menning	Schaaf	Tennessee
Bernhagen	Keefe, J.	Moe	Schmitz	Ueland, A.
Brataas	Kirchner	Nichols	Setzepfandt	Ulland, J.
Chmielewski	Kleinbaum	Olhoft	Sieloff	Vega
Coleman	Knaak	Olson	Sikorski	Wegener
Davies	Knoll	Penny	Sillers	Willet
Engler	Knutson	Perpich	Solon	
Frederick	Laufenburger	Pillsbury	Staples	
Gearty	Lessard	Purfeerst	Stokowski	

Messrs. Dieterich; Keefe, S. and Spear voted in the negative.

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

Without objection, the Senate reverted to the Order of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

Mr. Davies from the Committee on Judiciary, to which was referred the following appointment as reported in the Journal for April 11, 1979:

**DEPARTMENT OF HUMAN RIGHTS
COMMISSIONER**

Marilyn McClure

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Davies from the Committee on Judiciary, to which was referred the following appointment as reported in the Journal for May 2, 1979:

CRIME VICTIMS REPARATIONS BOARD

John R. Lyght

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Davies from the Committee on Judiciary, to which was referred the following appointment as reported in the Journal for April 16, 1979:

CRIME VICTIMS REPARATIONS BOARD

Dr. Johanna B. Miller

Reports the same back with the recommendation that the appointment be confirmed.

SUSPENSION OF RULES

Mr. Davies moved that the rules of the Senate be so far suspended as to allow consideration and confirmation of the following appointment. The motion prevailed.

CONFIRMATION

Mr. Davies moved that the report from the Committee on Judiciary reported May 21, 1979, be now adopted. The motion prevailed.

Mr. Davies moved that in accordance with the report from the Committee on Judiciary, reported May 21, 1979, the Senate, having given its advice, do now consent to and confirm the appointment of:

**DEPARTMENT OF HUMAN RIGHTS
COMMISSIONER**

Marilyn McClure, 1908 Arona, Falcon Heights, Ramsey County, effective March 31, 1979, for a term expiring the first Monday in January, 1983.

The motion prevailed. So the appointment was confirmed.

SUSPENSION OF RULES

Mr. Davies moved that the rules of the Senate be so far suspended as to allow consideration and confirmation of the following appointments. The motion prevailed.

CONFIRMATION

Mr. Davies moved that the report from the Committee on Judiciary reported May 21, 1979, be now adopted. The motion prevailed.

Mr. Davies moved that in accordance with the report from the Committee on Judiciary, reported May 21, 1979, the Senate, having given its advice, do now consent to and confirm the appointments of:

CRIME VICTIMS REPARATIONS BOARD

John R. Lyght, 7300 Caribou Trail, Lutsen, Cook County, effective April 19, 1979, for a term expiring the first Monday in January, 1983.

Dr. Johanna B. Miller, 2909 Drew Avenue South, Minneapolis, Hennepin County, effective April 9, 1979, for a term expiring the first Monday in January, 1980.

The motion prevailed. So the appointments were confirmed.

Mr. Coleman from the Committee on Rules and Administration, to which was re-referred

S. F. No. 406: A bill for an act relating to labor; creating a full employment and economic equity study commission; appropriating money.

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

Page 1, line 7, delete "STUDY"

Page 1, line 8, delete "COMMISSION.] A study commission" and insert "ADVISORY TASK FORCE.] An advisory task force"

Page 2, lines 20 and 23, delete "commission" and insert "task force"

Page 3, line 14, before the period, insert ", subdivision 6"

Page 3, lines 15, 18, and 23, delete "commission" and insert "task force"

Page 4, line 1, delete "commission" and insert "task force"

Amend the title as follows:

Page 1, line 3, delete "study commission" and insert "advisory task force"

And when so amended the bill do pass.

Mr. Coleman moved the adoption of the foregoing committee report. The motion prevailed. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S. F. No. 406 was read the second time and referred to the Subcommittee on Bill Scheduling of the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 118 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 118

A bill for an act relating to crimes; defining the crime of receiving stolen property; amending Minnesota Statutes 1978, Section 609.53, Subdivision 2.

May 19, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 118, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 118 be further amended as follows:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1978, Section 609.53, Subdivision 1, is amended to read:

609.53 [RECEIVING STOLEN GOODS.] Subdivision 1. Any person who receives, *possesses, transfers,* buys or conceals any stolen property or property obtained by robbery, knowing the same to be stolen or obtained by robbery, may be sentenced as follows:

(1) If the value of the property received, bought or concealed is ~~\$100~~ \$150 or more, to imprisonment for not more than ten years or to payment of a fine of not more than \$10,000, or both;

(2) If the value of the property received, bought or concealed is less than ~~\$100~~ \$150, to punishment as a misdemeanor."

Page 1, after line 13, insert:

"Sec. 3. *This act is effective August 1, 1979 and applies to all offenses committed on or after that date and to all persons convicted of a crime committed on or after that date.*"

Re-number the sections in sequence

Further, amend the title as follows:

Page 1, line 4, delete "Subdivision" and insert "Subdivisions 1 and"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Jack Davies, Gerry Sikorski, John Bernhagen

House Conferees: (Signed) Elliot Rothenberg, Glen A. Sherwood, Donald M. Moe, Steven G. Novak

Mr. Davies moved that the foregoing recommendations and Conference Committee Report on S. F. No. 118 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 118 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Laufenburger	Pillsbury	Spear
Bang	Hanson	Lessard	Purfeerst	Staples
Benedict	Hughes	Luther	Renneke	Stokowski
Bernhagen	Johnson	McCutcheon	Rued	Strand
Brataas	Keefe, J.	Menning	Schaaf	Stumpf
Chmielewski	Keefe, S.	Moe	Schmitz	Tennesen
Davies	Kirchner	Nichols	Setzepfandt	Ueland, A.
Dieterich	Kleinbaum	Olhoff	Sieloff	Ulland, J.
Engler	Knaak	Olson	Sikorski	Vega
Frederick	Knoll	Penny	Sillers	Wegener
Gearty	Knutson	Perpich	Solon	Willet

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

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 450 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 450

A bill for an act relating to probate; clarifying the form for a self-proved will; amending Minnesota Statutes 1978, Section 52A.2-504.

May 17, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 450, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ron Sieloff, Neil Dieterich, Delores Knaak

House Conferees: (Signed) Ray W. Faricy, Tad Jude, Bill Peterson, William A. Crandall

Mr. Sieloff moved that the foregoing recommendations and Conference Committee Report on S. F. No. 450 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 450 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gearty	Lessard	Renneke	Strand
Bang	Gunderson	Luther	Rued	Stumpf
Benedict	Hanson	McCutcheon	Schaaf	Tennessee
Bernhagen	Hughes	Menning	Schmitz	Ueland, A.
Brataas	Johnson	Moe	Setzepfandt	Uland, J.
Chenoweth	Keefe, J.	Nichols	Sieloff	Vega
Chmielewski	Keefe, S.	Olhoft	Sikorski	Wegener
Coleman	Kirchner	Olson	Sillers	Willet
Davies	Kleinbaum	Penny	Solon	
Dieterich	Knoll	Perpich	Spear	
Engler	Knutson	Pillsbury	Staples	
Frederick	Laufenburger	Purfeerst	Stokowski	

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

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 521 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 521

A bill for an act relating to the city of St. Cloud; authorizing sale of liquor at the Municipal Sports Complex.

May 18, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 521, report that we have agreed upon the items in dispute and recommend as follows:

Strike everything after the enacting clause and insert:

“Section 1. Notwithstanding any statute, ordinance, or charter to the contrary, the governing body of the city of St. Cloud may by ordinance authorize any holder of an on-sale intoxicating liquor license issued by the city to dispense intoxicating liquor at any convention, banquet, conference, meeting or social affair at the premises known and used as the Municipal Sports Complex. The licensee must be engaged to dispense intoxicating liquor at such an event held by a person or organization permitted to use space at the arena, and may dispense intoxicating liquor only to persons attending the event. The dispensing of intoxicating liquor shall be subject to all laws and ordinances governing the dispensing of intoxicating liquor as are not inconsistent herewith. Nothing in this act shall authorize the dispensing of intoxicating liquor to any person attending or participating in any amateur hockey game, or elementary or secondary school or college athletic event being held on the Sports Complex premises. This section is effective upon its approval by the governing body of the city of St. Cloud and compliance with Minnesota Statutes, Section 645.021.

Sec. 2. In addition to the number permitted by Minnesota Statutes, Section 340.11, Subdivision 5a, and notwithstanding any other law to the contrary, the city of Bloomington may issue two on-sale licenses for the sale of intoxicating liquor. This section is effective upon approval by the governing body of the city of Bloomington and compliance with Minnesota Statutes, Section 645.021.

Sec. 3. Minnesota Statutes 1978, Section 340.11, Subdivision 11b, is amended to read:

Subd. 11b. [ON-SALE LICENSES TO CERTAIN NON-PROFIT CORPORATIONS.] “On-sale” licenses for the sale of intoxicating liquor may, in the discretion of the municipality, be issued in any city of the first class to any nonprofit corporation which was organized prior to January 1, 1962 1972 to promote, stimulate, and support community education, appreciation and development of the theater and cultural arts through dramatic performances and other means and which has operated a repertory theater in the city since at least January 1, 1964 1972. Such licenses may be issued notwithstanding any limitations imposed by law, charter or ordinance relating to liquor patrol limits, zoning, or school or church distance limitations and such licenses shall be in excess of any limitations imposed by subdivision 6, or otherwise. All other laws, charter provisions, or ordinances relating to

the licensing and regulation of on-sale liquor establishments, including the granting, renewal, suspension or revocation of licenses shall apply. Any license issued pursuant to this subdivision shall authorize the sale of intoxicating liquor only to holders of tickets to dramatic performances presented by such nonprofit corporation and members of such nonprofit corporation and their guests.

Sec. 4. Minnesota Statutes 1978, Section 340.13, Subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS ON A LICENSE ISSUED TO A PERSON OR PLACE; PENALTY.] No more than one *off-sale* intoxicating liquor license shall be directly or indirectly issued to any one person or for any one place in each municipality. It is a gross misdemeanor for any person, partnership, or corporation to knowingly have or possess a direct or indirect interest in more than one *off-sale* license in each municipality and upon conviction therefor the governing body of such municipality may immediately revoke all licenses in which such person, partnership or corporation has an interest. The term "interest" includes any pecuniary interest in the ownership, operation, management, or profits of a retail liquor establishment, but does not include: bona fide loans; bona fide rental agreements; bona fide open accounts or other obligations held with or without security arising out of the ordinary and regular course of business of selling or leasing merchandise, fixtures or supplies to such establishment; an interest in a corporation owning or operating a hotel but having at least 150 or more rental units holding a liquor license in conjunction therewith; or 10 percent or less interest in any other corporation holding a license. A person who receives moneys from time to time directly or indirectly from a licensee, in the absence of a bona fide consideration therefor and excluding bona fide gifts or donations, shall be deemed to have a pecuniary interest in such retail license. In determining "bona fides" the reasonable value of the goods or things received as consideration for any payment by the licensee and all other facts reasonably tending to prove or disprove the existence of any purposeful scheme or arrangement to evade the prohibitions of this subdivision shall be considered.

Sec. 5. Minnesota Statutes 1978, Section 340.13, Subdivision 7, is amended to read:

Subd. 7. [LICENSES IN CONNECTION WITH PREMISES OF ANOTHER.] No license shall be issued to any person in connection with the premises of another to whom no license could be issued under the provisions of the intoxicating liquor act; provided, that this provision shall not prevent the granting of a license to a proper lessee by reason of the fact that he shall lease premises of a minor, non-citizen, or a person who has been convicted of a crime other than a violation of the intoxicating liquor act. No more than one license shall be issued to any person in any municipality except as otherwise specifically provided for in the intoxicating liquor act.

Sec. 6. Minnesota Statutes 1978, Section 340.14, Subdivision 3, is amended to read:

Subd. 3. [SALES; WHERE FORBIDDEN.] No intoxicating liquors shall be sold in any of the following places:

(1) Within the capitol or upon the grounds thereof;

(2) Upon the state fairgrounds or at any place in a city of the first class within one-half mile of such fairgrounds except as hereinafter otherwise provided by charter;

(3) Upon the campus of the school *institute* of agriculture of the University of Minnesota or at any place in a city of the first class within one-half mile of such campus except as hereinafter otherwise provided by charter. *The city may issue one on-sale wine license to a vendor in the territory described in this clause that is not also included in the territory described in clause (2). The license is in addition to any others permitted in the city by other law or charter;*

(4) Within 1,000 feet of any state hospital, training school, reformatory, prison, or other institution under the supervision and control, in whole or in part, of the commissioner of public welfare or the commissioner of corrections. Whoever sells or otherwise disposes of intoxicating liquor at retail at a place prohibited by this clause is guilty of a gross misdemeanor;

(5) In any town or municipality in which a majority of votes at the last election at which the question of license was voted upon shall not have been in favor of license, or within one-half mile of any such municipality, except that any intoxicating liquor, manufactured within any such district, may be sold to be consumed outside of such district;

(6) At any place on the east side of the Mississippi river within one-tenth mile of the main building of the University of Minnesota unless the licensed establishment is on property owned or operated by a nonprofit corporation organized prior to January 1, 1940 for and by former students of the University of Minnesota; a license may be issued under this clause notwithstanding any local law to the contrary;

(7) Within 1,500 feet of any state university, except as hereinafter provided, or, when the place of sale is not within a municipality, within 1,500 feet of any public school outside of a municipality; within 1,200 feet at Winona state university, and at Southwest state university and in determining the distance, the measurement shall be along the most direct line from the nearest corner of the administration building of the university to the main entrance of the licensed premises; as to Mankato state university in the city of Mankato when the place of sale is within 1,500 feet as measured from the front door of the student union of the Highland campus;

(8) At more than five places on any one side of a block within and fronting upon the patrol limits of cities of the first class;

(9) The restrictions imposed by this subdivision shall not apply to any manufacturer or wholesaler of intoxicating liquors or to a

drug store or to any person lawfully licensed to sell intoxicating liquor immediately prior to the enactment of this subdivision.

Sec. 7. Section 6 is effective the day following final enactment."

Further, strike the title and insert:

"A bill for an act relating to liquor; providing for licenses in various cities; limiting licenses allowed to be issued to persons and places; amending Minnesota Statutes 1978, Sections 340.11, Subdivision 11b; 340.13, Subdivisions 3 and 7; and 340.14, Subdivision 3."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Jack I. Kleinbaum, Otto T. Bang, Jr., Neil Dieterich

House Conferees: (Signed) Al W. Patton, James C. Pehler, Kathleen A. Blatz, John S. Biersdorf

Mr. Kleinbaum moved that the foregoing recommendations and Conference Committee Report on S. F. No. 521 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 521 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 8, as follows:

Those who voted in the affirmative were:

Ashbach	Garty	Laufenburger	Rued	Stokowski
Bang	Hanson	Luther	Schaaf	Strand
Bernhagen	Hughes	McCutcheon	Schmitz	Stumpf
Brataas	Johnson	Moe	Setzepfandt	Tennessen
Chenoweth	Keefe, J.	Nichols	Sieloff	Ueland, A.
Chmielewski	Keefe, S.	Olson	Sikorski	Ulland, J.
Coleman	Kirchner	Penny	Sillers	Vega
Dieterich	Kleinbaum	Perpich	Solon	Wegener
Engler	Knaak	Pillsbury	Spear	
Frederick	Knoll	Purfeerst	Staples	

Those who voted in the negative were:

Benedict	Gunderson	Menning	Renneke	Willet
Davies	Lessard	Olhoft		

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

S. F. No. 186 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 186

A bill for an act relating to crimes; limiting a perpetrator's right to commercially exploit the crime; providing for the payment of crime victims; appropriating money; amending Minnesota Statutes 1978, Chapter 299B, by adding a section.

May 19, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 186, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 186 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Chapter 299B, is amended by adding a section to read:

[299B.17] [LIMITING COMMERCIAL EXPLOITATION OF CRIMES; PAYMENT OF VICTIMS.] *Subdivision 1. For purposes of this section “crime” means an offense which is a felony under the Laws of Minnesota.*

Subd. 2. A legal entity that contracts with an individual person or the representative or assignee of a person who has been convicted of a crime in this state, or found not guilty by reason of insanity, regarding (a) the reenactment of the crime, by way of a movie, book, newspaper or magazine article, radio or television presentation, or live or recorded entertainment of any kind, or (b) the expression of the person's thoughts, feelings, opinions or emotions about the crime, shall notify the crime victims reparations board of the existence of the contract and pay over to the crime victims reparations board any moneys owed to that person or his representatives by virtue of the contract. If the crime occurred in this state, the proportion payable is one hundred percent. If the crime occurred in another jurisdiction having a law applicable to the case which is substantially similar to this section, the proportion payable is zero and this section does not apply. In all other cases, the proportion payable is that which fairly can be allocated to commerce in this state. This section does not apply to crimes occurring outside the United States. The board shall deposit the moneys pursuant to subdivision 7 and assign the amount received in each case for the benefit of any victim of crimes committed by the person. The moneys shall be paid by the board to any victim or the legal representative of a victim if (1) the person is convicted of the crime or found not guilty by reason of insanity, and (2) the claimant, within five years of the date of payment to the board in the case, brings a civil action in a court of competent jurisdiction and recovers a money judgment for damages against the per-

son or his representatives. Notwithstanding any provision of law for the timely bringing of an action, an action may be brought pursuant to this section within a five year period which begins to run on the date payment is made to the board in a case; provided that once the person has been discharged from his sentence by court order or upon expiration of sentence, this section shall not apply.

Subd. 3. When the board receives a payment pursuant to this section, it shall attempt to notify any known victims of the crime and shall publish a notice of that fact in a newspaper having general circulation in the county where the crime was committed. The expenses of notification shall be paid from the amount received for that case.

Subd. 4. When the board has made payments to or on behalf of a crime victim pursuant to sections 299B.01 to 299B.16, to the extent of payment made, it is subrogated to any claim or judgment of the victim or his representative against the offender.

Subd. 5. Upon a showing by that person convicted of a crime or found not guilty by reason of insanity, or his representative, that five years have elapsed from the date of payment to the board in the case, and further that no actions are pending against him pursuant to this section, the board shall immediately pay over to him any moneys in the account related to the case.

Subd. 6. Notwithstanding any other provision of this section, the board shall make payments to a person convicted of crime or found not guilty by reason of insanity from the account of amounts received with reference to that person upon the order of a court of competent jurisdiction after a showing by that person that the moneys shall be used for the reasonable costs of defense in the appeal of his criminal conviction or in civil proceedings pursuant to this section.

Subd. 7. All moneys received by the board pursuant to this section shall be deposited in the state treasury, credited to a special account, and are appropriated to the board for the purposes of this section. Money in the special account may be invested pursuant to section 11.10. When so invested, any interest or profit shall accrue to, and any loss be borne by, the special account. The board shall allocate money in the special account to each case pursuant to this section.

Subd. 8. Any action taken, whether by way of execution of a power of attorney, creation of corporate or trust entities or otherwise, to defeat the purpose of this section shall be null and void as against the public policy of this state.

Sec. 2. [EFFECTIVE DATE.] *This act is effective the day after final enactment and applies to contracts entered into after that date.*"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Florian Chmielewski, Gerry Sikorski, John B. Keefe

House Conferees: (Signed) Peggy Byrne, Paul McCarron, Elliot C. Rothenberg, M. D. (Mike) Fritz

Mr. Chmielewski moved that the foregoing recommendations and Conference Committee Report on S. F. No. 186 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 186 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Lessard	Purfeerst	Stokowski
Bang	Hanson	Luther	Renneke	Strand
Benedict	Hughes	McCutcheon	Rued	Stumpf
Bernhagen	Johnson	Menning	Schaaf	Tennessee
Brataas	Keefe, J.	Moe	Schmitz	Ueland, A.
Chenoweth	Keefe, S.	Nelson	Setzepfandt	Ulland, J.
Chmielewski	Kirchner	Nichols	Sieloff	Vega
Davies	Kleinbaum	Olhoff	Sikorski	Wegener
Dieterich	Knaak	Olson	Sillers	Willet
Engler	Knoll	Penny	Solon	
Frederick	Knutson	Perpich	Spear	
Gearty	Laufenburger	Pillsbury	Staples	

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

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 831 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 831

A bill for an act relating to the Hennepin county park reserve district; regulating tax levies; reaffirming the requirement that the environmental quality board make its decisions by a majority vote; permitting certain requests for reconsideration of board decisions; amending Laws 1967, Chapter 721, Section 2, as amended; and Minnesota Statutes 1978, Section 116D.04, Subdivision 3.

May 19, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 831, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 831 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Laws 1967, Chapter 721, Section 2, as amended by Laws 1969, Chapter 885, Section 1; Laws 1971, Chapter 954, Section 1; and Laws 1973, Chapter 473, Section 1, is amended to read:

Sec. 2. [HENNEPIN COUNTY; PARK RESERVE DISTRICT; TAX LEVY.] To provide funds for the purposes of the Hennepin county park reserve district as set forth in its annual budget, in lieu of the levies authorized by any other special law for such purposes, the board of county commissioners of Hennepin county upon approval of each annual budget may levy taxes on all the taxable property in the county and park district at a rate not exceeding ~~67~~ 1.0 mill on the assessed valuation thereof. To provide funds for the acquisition and betterment of park properties and facilities of the district in accordance with plans filed by it under Minnesota Statutes, Section 398.19, upon request of the board of park district commissioners by a resolution or resolutions regularly adopted by a majority of all members thereof, the board of county commissioners of Hennepin county may, in addition to bonds issued by the county for this purpose before January 1, 1973, by resolution issue and sell general obligation bonds of the county in the manner provided in Minnesota Statutes, Sections 475.60 to 475.753, in an aggregate amount not exceeding \$2,500,000. Taxes for the payment of the principal of and interest on such bonds shall be assessed and extended upon all taxable property in the county. Such bonds shall not be subject to the limitations of Minnesota Statutes, Sections 475.51 to 475.59, but the maturity years and amounts and interest rates of each series of bonds shall be fixed so that the maximum amount of principal and interest to become due in any year on the bonds authorized by this law and all bonds issued by the county for the purposes of the district before January 1, 1973, shall not exceed an amount equal to three tenths of one mill times the assessed value of all taxable property in the county as last finally equalized before the issuance of the new series.

Sec. 2. [HENNEPIN COUNTY PARK RESERVE DISTRICT; COMMISSIONERS.] *Subdivision 1. Effective January 1, 1983, and notwithstanding any provision of Minnesota Statutes, Sections 398.02 to 398.04, or any other law to the contrary, the board of park district commissioners of the Hennepin county park reserve district shall consist of seven commissioners appointed or elected as provided in this section.*

Subd. 2. Three park district commissioners shall be appointed by the park and recreation board of the city of Minneapolis from among its membership. Each park district commissioner appointed pursuant to this subdivision shall serve for a term coinciding with his term on the park and recreation board of the city of Minneapolis, and until a successor is appointed and qualifies. If a vacancy occurs among the commissioners appointed pursuant to

this subdivision, the park and recreation board of the city of Minneapolis shall appoint a successor.

Subd. 3. Four park district commissioners shall be elected as provided in this subdivision to represent those portions of Hennepin county outside of the city of Minneapolis. One park district commissioner shall be elected without party designation from each of the districts established pursuant to subdivision 4. Elections under this subdivision shall be held at the same time and in the same manner as elections for the office of county commissioner. Each park district commissioner elected pursuant to this subdivision shall be a resident of the district he represents and shall serve for a term of four years and until a successor is elected and qualifies, except that the term of office of each park district commissioner elected at the general election held in the year of a federal census shall be only two years and until a successor is elected and qualifies. If a vacancy occurs in the office of any commissioner elected pursuant to this subdivision, the board of park district commissioners shall appoint a successor residing in that district to fill the unexpired term.

Subd. 4. By no later than August 1, 1980, and after at least 30 days notice and public hearing, the board of park district commissioners of the Hennepin county park reserve district shall divide the territory of Hennepin county outside the city of Minneapolis into four districts. Each district shall be composed of contiguous territory as regular and compact in form as practicable and as nearly equal in population as possible, provided that no district shall vary in population more than ten percent from the average of all the districts, unless compliance with this requirement requires division of a voting precinct. After each federal census and by not later than 120 days before the next ensuing general election, after at least 30 days notice and public hearing, the board of park district commissioners of the Hennepin county park reserve district shall redistrict the territory of Hennepin county outside the city of Minneapolis into new commissioner districts as necessary to comply with the provisions of this subdivision. The districts established pursuant to this subdivision shall remain effective until new districts are established. Any person aggrieved by a districting plan established pursuant to this subdivision may challenge the plan in the same manner as a county commissioner districting plan may be challenged pursuant to Minnesota Statutes, Section 375.025. The district court in reviewing any challenge to a districting plan under this subdivision shall proceed in the manner prescribed by Minnesota Statutes, Section 375.025. Each districting plan established pursuant to this subdivision shall be filed in the office of the director of finance of Hennepin county or any successor office and shall be effective 31 days after its publication in a newspaper of general circulation in the county.

Sec. 3. [TRANSITION TO ELECTED BOARD.] Notwithstanding any law to the contrary, until January 1, 1983, the park district commissioners of the Hennepin county park reserve district shall continue to be appointed and vacancies shall continue to be filled as provided in Laws 1963, Chapter 883, Section 1. On

January 1, 1983, the terms of office of all commissioners appointed pursuant to Laws 1963, Chapter 883, Section 1, shall expire and the first commissioners appointed or elected as provided in section 2 shall take office. Thereafter the park district commissioners of the Hennepin county park reserve district shall be appointed or elected and vacancies shall be filled as provided in section 2.

Sec. 4. [DECISIONS OF ENVIRONMENTAL QUALITY BOARD AFFECTING HENNEPIN COUNTY; REQUEST FOR RECONSIDERATION.] *Notwithstanding any law to the contrary, any resident of Hennepin county who filed a petition under Minnesota Statutes, Section 116D.04, Subdivision 3, with respect to which the environmental quality board, prior to the effective date of this act, decided by less than a majority vote of the entire membership of the board not to require preparation of an environmental impact statement, may file a written request to the board to reconsider that decision. The request for reconsideration shall be filed with the board not later than 30 days after the effective date of this act. Upon receipt of a request authorized by this section, the board shall reconsider its previous decision and make a final decision concerning the petition. The board shall make its final decision by a majority vote of the entire membership of the board. No construction shall commence on any action which was the subject of such a petition until after the time for filing a request pursuant to this section has expired or, if a request has been filed within that time, until the board makes a final decision as provided in this section.*

Sec. 5. [REPEALER.] *Laws 1963, Chapter 883, Section 2, is repealed, effective January 1, 1983.*

Sec. 6. [EFFECTIVE DATE.] *This act is effective the day following its final enactment."*

Further, delete the title and insert:

"A bill for an act relating to Hennepin county; providing for the operation of the Hennepin county park reserve district; regulating its tax levies; providing for appointment and election of park commissioners; permitting certain residents of Hennepin county to request reconsideration of certain decisions of the environmental quality board affecting Hennepin county; amending Laws 1967, Chapter 721, Section 2, as amended; repealing Laws 1963, Chapter 883, Section 2."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Emily Anne Staples, William P. Luther, Harmon T. Ogdahl

House Conferees: (Signed) Robert L. Ellingson, Tad Jude, Jim Heap, Douglas R. Ewald

Mrs. Staples moved that the foregoing recommendations and Conference Committee Report on S. F. No. 831 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 831 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 46 and nays 9, as follows:

Those who voted in the affirmative were:

Bang	Hanson	Moe	Schaaf	Stumpf
Bernhagen	Hughes	Nelson	Schmitz	Tennessee
Chenoweth	Johnson	Nichols	Setzepfandt	Ueland, A.
Chmielewski	Keefe, J.	Olhoft	Sieloff	Ulland, J.
Davies	Keefe, S.	Olson	Sikorski	Vega
Dieterich	Kirchner	Penny	Sillers	Wegener
Engler	Laufenburger	Perpich	Solon	
Frederick	Luther	Purfeerst	Spear	
Gearty	McCutcheon	Renneke	Staples	
Gunderson	Menning	Rued	Strand	

Those who voted in the negative were:

Benedict	Knaak	Knutson	Pillsbury	Willet
Brataas	Knoll	Lessard	Stokowski	

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

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 856 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 856

A bill for an act relating to public health; authorizing waiver of minimum health maintenance organization requirements for demonstration projects; amending Minnesota Statutes 1978, Chapter 62D, by adding a section.

May 17, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 856, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 856, be further amended as follows:

Page 2, line 11, before the period insert: "*and an out of hospital prescription drug benefit. The out of hospital prescription drug*

benefit may be waived by the commissioner if the health maintenance organization presents evidence satisfactory to the commissioner that the inclusion of the benefit would restrict the operation of the demonstration project"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Emily Anne Staples, John B. Keefe, Tom A. Nelson

House Conferees: (Signed) Lyndon R. Carlson, James C. Swanson, John R. Kaley, John Drew

Mrs. Staples moved that the foregoing recommendations and Conference Committee Report on S. F. No. 856 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 856 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gearty	Lessard	Purfeerst	Stokowski
Bang	Gunderson	Luther	Renneke	Strand
Benedict	Hanson	McCutcheon	Rued	Stumpf
Bernhagen	Hughes	Menning	Schaaf	Tennessee
Brataas	Johnson	Moe	Schmitz	Ueland, A.
Chenoweth	Keefe, J.	Nelson	Setzepfandt	Ulland, J.
Chmielewski	Keefe, S.	Nichols	Sieloff	Vega
Coleman	Kirchner	Olhoff	Sikorski	Wegener
Davies	Knaak	Olson	Sillers	Willet
Dieterich	Knoll	Penny	Solon	
Engler	Knutson	Perpich	Spear	
Frederick	Laufenburger	Pillsbury	Staples	

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

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 1047 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1047

A bill for an act relating to workers' compensation; providing for settlement of claims; amending Minnesota Statutes 1978, Section 176.521, Subdivisions 1 and 2.

May 18, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1047, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate accede to the House amendments, and that S. F. No. 1047 be further amended as follows:

Page 1, line 14 of the Stadum amendment, delete "*The bureau*" and insert: "*Upon written request an insurer*"

Page 1, delete lines 17 through 20 of the Stadum amendment, and insert: "*This explanation shall be mailed to the insured within 30 days of the request.*"

Renumber the sections in sequence

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) George S. Pillsbury, Roger Laufenburger, Conrad M. Vega

House Conferees: (Signed) John R. Kaley, Tony E. Stadum, Wayne A. Simoneau, Joseph R. Begich

Mr. Pillsbury moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1047 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 1047 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gearty	Lessard	Purfeerst	Strand
Bang	Gunderson	Luther	Renneke	Stumpf
Benedict	Hanson	McCutcheon	Rued	Tennessee
Bernhagen	Hughes	Menning	Schaaf	Ueland, A.
Brataas	Johnson	Moe	Schmitz	Ulland, J.
Chenoweth	Keefe, J.	Nelson	Setzefandt	Vega
Chmielewski	Keefe, S.	Nichols	Sieloff	Wegener
Coleman	Kirchner	Olhoft	Sikorski	Willet
Davies	Knaak	Olson	Solon	
Dieterich	Knoll	Penny	Spear	
Engler	Knutson	Perpich	Staples	
Frederick	Laufenburger	Pillsbury	Stokowski	

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

Pursuant to Rule 21, Mr. Luther moved that the following members be excused at 9:40 o'clock a.m. for a Conference Committee on S. F. No. 129:

Messrs. Luther, Pillsbury, Sikorski, Dieterich and Schaaf. The motion prevailed.

Pursuant to Rule 21, Mr. McCutcheon moved that the following members be excused at 10:00 o'clock a.m. for a Conference Committee on H. F. No. 1495:

Messrs. McCutcheon, Johnson, Hanson, Stokowski and Sillers. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Schaaf introduced—

S. F. No. 1599: A bill for an act relating to taxation; property tax; providing for assessment of real property at full market value; limiting property tax on homesteads to one percent of market value; amending Minnesota Statutes 1978, Sections 273.11, Subdivisions 1 and 5; 273.13, by adding a subdivision; and 273.17, Subdivision 1; repealing Minnesota Statutes 1978, Section 273.11, Subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

Mr. Sieloff, Mrs. Knaak and Mr. Ashbach introduced—

S. F. No. 1600: A bill for an act relating to gambling; authorizing nonprofit organizations to participate in raffle ticket sales with licensed organizations; amending Minnesota Statutes 1978, Section 349.26, Subdivision 12.

Referred to the Committee on General Legislation and Administrative Rules.

Pursuant to Rule 10, Mr. Coleman, Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

SPECIAL ORDER

S. F. No. 1553: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results and technical errors of a noncontroversial nature; providing for the effective date of Laws 1979, Chapter 56, Section 6; amending Laws 1979,

Chapter 63, Section 1, Subdivision 2; Minnesota Statutes 1978, Section 98.46, Subdivisions 3, as amended, and 18, as amended.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Knutson	Perpich	Solon
Bang	Gearty	Laufenburger	Pillsbury	Spear
Benedict	Gunderson	Lessard	Purfeerst	Strand
Bernhagen	Hanson	Luther	Renneke	Stumpf
Brataas	Hughes	Menning	Rued	Ueland, A.
Chenoweth	Johnson	Moe	Schaaf	Ulland, J.
Chmielewski	Keefe, J.	Nelson	Schmitz	Vega
Coleman	Keefe, S.	Nichols	Setzpfandt	Willet
Davies	Kleinbaum	Olhoff	Sieloff	
Dieterich	Knaak	Olson	Sikorski	
Engler	Knoll	Penny	Sillers	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 1157: A bill for an act relating to elections; authorizing corporations to establish political funds under certain conditions; exempting certain political funds from prohibitions against corporate political contributions; limiting solicitations by political funds established by corporations; requiring certain approval for transfer of union dues to a union political fund; establishing requirements for a negative checkoff; imposing criminal and civil penalties; amending Minnesota Statutes 1978, Sections 10A.12, by adding a subdivision; 10A.22, Subdivision 7; 210A.34, by adding a subdivision; and Chapter 10A, by adding a section.

Mr. Schaaf moved that S. F. No. 1157, No. 4 on Special Orders, be stricken and laid on the table. The motion prevailed.

SPECIAL ORDER

H. F. No. 1084: A bill for an act relating to financial reports; requiring the preparation of annual reports on state finances; appropriating money; amending Minnesota Statutes 1978, Sections 16A.055, 16A.50, 16A.55, Subdivision 1; repealing Minnesota Statutes 1978, Section 16A.55, Subdivisions 2 to 9.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Bernhagen	Chmielewski	Dieterich	Gearty
Bang	Brataas	Coleman	Engler	Gunderson
Benedict	Chenoweth	Davies	Frederick	Hughes

Keefe, J.	Luther	Perpich	Sieloff	Ueland, A.
Keefe, S.	Menning	Pillsbury	Sikorski	Ulland, J.
Kirchner	Moe	Purfeerst	Spear	Vega
Kleinbaum	Nelson	Renneke	Staples	Wegener
Knaak	Nichols	Rued	Stokowski	Willet
Knutson	Olhoff	Schaaf	Strand	
Laufenburger	Olson	Schmitz	Stumpf	
Lessard	Penny	Setzepfandt	Tennessee	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S. F. No. 956: A bill for an act relating to retirement; providing a post retirement increase in certain retirement annuities and benefits; appropriating money.

Mr. Stokowski moved that S. F. No. 956, No. 17 on Special Orders, be stricken and laid on the table. The motion prevailed.

SPECIAL ORDER

S. F. No. 177: A bill for an act relating to state civil service; eliminating certain required qualifications for commissioners of departments and certain other agency branch heads; amending Minnesota Statutes 1978, Sections 4.11, Subdivision 2; 11.12; 16A.01, Subdivision 2; 43.001, Subdivision 2; 121.16, Subdivision 1; 144.011, Subdivision 1; 216A.03, Subdivision 1; 241.01, Subdivision 1; 245.03; 270.02, Subdivision 2; and 362.09, Subdivision 1.

Mr. Schaaf moved that S. F. No. 177, No. 5 on Special Orders, be stricken and laid on the table. The motion prevailed.

SPECIAL ORDER

H. F. No. 852: A bill for an act relating to schools; requiring school boards to allow official representatives of military forces reasonable access to certain school facilities for recruitment presentations; amending Minnesota Statutes 1978, Section 123.36, by adding a subdivision.

Mr. Dieterich moved to amend the amendment placed on H. F. No. 852 by the Committee on Education, adopted by the Senate May 8, 1979, as follows:

In the page 1, line 12 amendment, delete the new language and insert "If the board provides access to persons or groups which make pupils aware of occupational or educational options, the board shall provide access on the same basis to official recruiting representatives of the military forces of the state or the United States for the purpose of informing students on educational and career opportunities available in the military."

The motion prevailed. So the amendment to the amendment was adopted.

H. F. No. 852 was then progressed.

SPECIAL ORDER

S. F. No. 480: A bill for an act relating to public health; authorizing the funding of a statewide poison information center; giving grant and program monitoring responsibilities to the commissioner of health; appropriating money.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 48 and nays 1, as follows:

Those who voted in the affirmative were:

Bang	Gearty	Lessard	Pillsbury	Strand
Benedict	Gunderson	Luther	Purfeerst	Stumpf
Bernhagen	Hughes	Menning	Rued	Tennessee
Chenoweth	Keefe, J.	Moe	Schaaf	Ueland, A.
Chmielewski	Keefe, S.	Nelson	Schmitz	Ulland, J.
Coleman	Kirchner	Nichols	Setzepfandt	Vega
Davies	Kleinbaum	Olhoff	Sikorski	Wegener
Dieterich	Knaak	Olson	Solon	Willet
Engler	Knoll	Penny	Spear	
Frederick	Laufenburger	Perpich	Staples	

Mr. Renneke voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H. F. No. 368: A bill for an act relating to community social services; establishing a formula for allocating state and federal funds to counties for the administration and provision of community social services; providing for community social service tax levies; prescribing the duties of county boards and the commissioner of public welfare; establishing an experimental program of services for chronically mentally ill persons; appropriating money; amending Minnesota Statutes 1978, Sections 245.61; 245.62; 245.63; 245.64; 245.66; 245.68; 245.69; 245.84, Subdivisions 1 and 5; 245.85; 245.87; 252.21; 252.22; 252.24, Subdivisions 1, 3 and 4; 252.25; 252.26; 252.261; 253A.02, by adding a subdivision; 253A.07, Subdivisions 1 and 7; 253A.09, Subdivision 1; 253A.10, Subdivision 1; 253A.14, Subdivision 1; 253A.15, Subdivisions 6, 11, 12 and 13; 254A.05, Subdivision 1; 254A.07, Subdivisions 1 and 2; 254A.08, Subdivision 1; 254A.12; 254A.14; and 254A.16, Subdivision 2; repealing Minnesota Statutes 1978, Sections 245.65; 245.651; 245.691; 254A.07, Subdivision 3; 254A.08, Subdivision 3; and 254A.17.

Mr. Moe moved to amend H. F. No. 368, as amended by the Committee on Finance, adopted by the Senate on May 19, 1979, as follows:

Page 5, line 29, delete "state aids five percent" and insert "the next quarterly payment by an amount equal to one third of one percent of the county's annual entitlement"

Page 13, lines 31 and 32, delete "or another agency" and insert "*, a human services board, or a county welfare board*"

The motion prevailed. So the amendment was adopted.

Mr. Moe then moved to amend H. F. No. 368, as amended by the Committee on Finance, adopted by the Senate May 19, 1979, as follows:

Page 14, line 12, after the period insert "*Nothing in this subdivision shall be construed to negate any collective bargaining unit agreements that are operative on the effective date of sections 1 to 14 between currently existing exclusive representatives and the county.*"

The motion prevailed. So the amendment was adopted.

Mr. Moe then moved to amend H. F. No. 368, as amended by the Committee on Finance, adopted by the Senate May 19, 1979, as follows:

Page 6, line 5, delete "or" and insert a comma

Page 6, line 5, after "revise" insert "*, or promulgate*"

Page 18, line 3, delete "and"

Page 18, line 5, delete the period and insert a semicolon

Page 18, after line 5, insert:

"(i) A coordination statement setting forth the relationship of the county social services plan to related human services programs and plans."

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

Mrs. Staples moved to amend H. F. No. 368, as amended by the Committee on Finance, adopted by the Senate May 19, 1979, as follows:

Page 41 of the committee amendment, after line 22, insert:

"Sec. 51. [HEARING IMPAIRED SERVICES.] Subdivision 1. [CITATION.] This section may be cited as the "hearing impaired services act".

Subd. 2. [PURPOSE.] It is the purpose of the "hearing impaired services act" to establish a statewide network of coordinated services to alleviate the developmental, social, educational and occupational deprivation of hearing impaired persons by establishing regional service centers and strengthening services delivered by state, local and regional agencies.

Subd. 3. [DEFINITIONS.] For the purposes of this section the terms defined in this section shall have the meanings given them, unless the context clearly indicates otherwise.

(a) "Hearing impaired person" means a person who has a loss of hearing in both ears and has difficulty hearing and understanding speech in the ear with better hearing.

(b) "Regional service center" means a facility designed to provide an entry point for hearing impaired persons of that region in need of human services.

(c) "Human services" means correctional, educational, occupational, health, mental health, financial and social services.

(d) "Human services agency" means a state, regional or local agency that provides human services.

(e) "County welfare board" means a board established pursuant to Minnesota Statutes, Section 402.02.

(f) "Human services board" means a board established pursuant to section 402.02 or Laws 1974, Chapter 293.

(g) "Community mental health board" means a board established pursuant to section 245.66.

Subd. 4. [REGIONAL SERVICE CENTERS.] (1) [LOCATION.] The commissioner of economic security shall establish up to eight regional service centers for hearing impaired persons. The centers shall be co-located with existing vocational rehabilitation field offices and be distributed regionally to provide access for hearing impaired persons in all parts of the state.

(2) [RESPONSIBILITIES.]The regional service center shall:

(a) Serve as the central entry point for hearing impaired persons in need of human services and make referrals to the services needed;

(b) Employ staff trained to work with hearing impaired persons;

(c) Provide to all hearing impaired persons interpreter services which are necessary to help them obtain human services;

(d) Serve as the regional interpreter referral center for hearing impaired persons and human services agencies;

(e) Loan equipment and resource materials to hearing impaired persons; and

(f) Cooperate with the department of public welfare to provide access for hearing impaired persons to services provided by state, county and regional human services agencies.

(3) [ADVISORY COMMITTEE.] The commissioner of economic security, in consultation with the commissioner of public welfare shall appoint an advisory committee of eight persons for each regional service center. Members shall include four persons who are hearing impaired persons or who are the parents of a hearing impaired child and four representatives of county and regional human services, including representatives of private service providers. Members shall serve without payment by the state of per diem or expense. The commissioner of economic security shall designate one member as chairperson. The commissioners of economic security and public welfare shall assign staff to serve as ex-officio members of the committee.

Subd. 5. [INTERPRETER SERVICES.] (1) [ESTABLISHMENT.] *The commissioner of economic security shall supervise the development and implementation of a statewide interpreter referral service. The commissioner of economic security shall contract with appropriate organizations to provide this centralized service.*

(2) [DUTIES.] *The central interpreter referral service shall:*

(a) *Establish and maintain a statewide directory of interpreters who have received appropriate training and certification;*

(b) *Provide technical assistance to the regional service centers in implementing the interpreter referral service; and*

(c) *Assess the present and projected supply and demand for interpreting services statewide.*

Subd. 6. [EMPLOYMENT SERVICES.] *The commissioner of economic security shall develop and implement a plan to deal with the underemployment of hearing impaired persons. The plan shall provide for training regarding the nature of hearing handicaps for department staff who consult with prospective employers or who provide job placement services.*

Subd. 7. [DUTIES OF THE COMMISSIONER OF PUBLIC WELFARE.] *In order to ensure that hearing impaired persons have full access to all local, county and regional human service programs, the commissioner of public welfare shall:*

(a) *Provide training to the staff of county welfare boards, human services boards and community mental health boards to ensure that communication barriers which prevent hearing impaired persons from using services are removed;*

(b) *Assess the ongoing need and supply of services for hearing impaired persons in all parts of the state and cooperate with public and private service providers to develop these services;*

(c) *Provide training to state and regional human service agencies regarding program access for hearing impaired persons;*

(d) *Assist the regional service centers in the development of technical assistance and outreach programs; and*

(e) *Develop, where possible, innovative approaches to providing services to hearing impaired persons.*

Subd. 8. [OFFICE ON HEARING IMPAIRMENT.] (1) [DUTIES.] *The state council for the handicapped shall establish an office on hearing impairment. The office shall:*

(a) *Provide interagency leadership in programming for hearing impaired persons;*

(b) *Disseminate information to state, regional and local human services agencies to assist the agencies in planning programs for hearing impaired persons; and*

(c) Convene regular meetings of representatives of state human services agencies to assist in the coordination of services for hearing impaired persons.

(2) [ADVISORY COMMITTEE.] *The state council for the handicapped shall establish an eight member committee to advise the office on hearing impairment. The state council shall appoint four persons who are hearing impaired persons or who are the parents of a hearing impaired child, knowledgeable in human services, and the commissioners of education, economic security, health and public welfare shall each appoint one representative. The state council shall provide per diem and compensation for expenses to committee members in accordance with section 15.059. The state council for the handicapped shall designate the chairperson.*

Subd. 9. [REGISTRY OF HEARING IMPAIRED PERSONS.] The commissioner of health shall develop and maintain a registry for those persons who risk having or developing a hearing impairment. The commissioner of health shall provide this information to the regional service centers and other appropriate state and local agencies for followup services. Special emphasis shall be placed on early identification of children from birth through age three.

Subd. 10. [SCREENING.] The commissioner of health shall develop and implement a plan to coordinate screening programs to detect possible hearing impairment in persons of all ages. Screening activities shall be conducted so that they do not duplicate other screening programs, but provide access for persons not currently served. Special emphasis shall be placed on children from birth through age four and persons over age 65.

Subd. 11. [IMPLEMENTATION STUDY.] The state planning agency shall study the implementation and effectiveness of the provisions of this section and report its findings, including proposed legislation, to the legislature by January 1, 1981.

Sec. 52. [APPROPRIATIONS.] Subdivision 1. The sum of \$1,006,500 is appropriated from the general fund to the agencies and for the purposes indicated in this section, to be available until June 30, 1981.

Subd. 2. [ECONOMIC SECURITY.]

For the purposes of sections 4 and 5 \$498,500

Approved Complement

1980—14

1981—22

Subd. 3. [PUBLIC WELFARE.]

For the purposes of section 7 \$330,400

Approved Complement

1980—6

1981—10

Subd. 4. [COUNCIL FOR THE HANDICAPPED.]

For the purposes of section 8 \$111,000

Approved Complement—3

Subd. 5. [HEALTH.]

For the purposes of sections 9 and 10 \$ 60,900

Approved Complement—2

Subd. 6. [STATE PLANNING.]

For the purposes of section 11 \$ 5,700"

Renumber the remaining section

Amend the title as follows:

Page 1, line 4, delete "community"

Page 1, line 11, after "persons;" insert "establishing regional service centers, advisory committees, an office on hearing impairment, and a statewide referral service; providing for staff training; prescribing duties for the commissioners of public welfare, economic security, and health;"

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

Mr. Tennesen moved to amend H. F. No. 368, as amended by the Committee on Finance, adopted by the Senate May 19, 1979, as follows:

Page 1, line 27, delete "13" and insert "12"

Pages 1 and 2, delete Section 2

Page 3, line 3, delete "13" and insert "12"

Page 3, line 22, delete "5" and insert "4"

Page 3, line 24, delete "10" and insert "9"

Page 4, lines 2 to 6, delete clause (a)

Reletter the clauses in sequence

Page 5, line 20, delete "10" and insert "9"

Page 5, line 33, delete "7" and insert "6"

Page 6, line 6, delete "13" and insert "12"

Page 6, lines 21 and 22, delete "in relation to the goals stated in section 2, subdivision 2"

Page 6, line 24, delete "13" and insert "12"

Page 7, line 33, delete "section 6" and insert "section 5"

Page 9, line 4, delete "13" and insert "12"

Page 13, line 16, delete "10" and insert "9"

Page 13, line 22, delete "7" and insert "6"

Page 13, line 22, delete "8" and insert "7"

Page 13, line 26, delete "13" and insert "12"

Page 14, line 11, delete "10" and insert "9"

Page 14, line 16, delete "7" and insert "6"

Page 14, line 16, delete "8" and insert "7"

Page 14, line 22, delete "4" and insert "3"

Page 18, line 32, delete "13" and insert "12"

Page 22, line 19, delete "6" and insert "5"

Page 27, line 22, delete "6" and insert "5"

Page 41, lines 13 and 18, delete "7" and insert "6"

Page 41, line 22, delete "13" and insert "12"

Renumber the sections in sequence

The motion prevailed. So the amendment was adopted.

H. F. No. 368 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 47 and nays 6, as follows:

Those who voted in the affirmative were:

Ashbach	Engler	Knoll	Purfeerst	Strand
Bang	Frederick	Knutson	Renneke	Stumpf
Benedict	Gearty	Laufenburger	Rued	Tennessee
Bernhagen	Gunderson	Lessard	Schaaf	Ueland, A.
Brataas	Hughes	Luther	Schmitz	Vega
Chenoweth	Humphrey	Merriam	Setzepfandt	Wegener
Chmielewski	Keefe, S.	Moe	Sieloff	Willet
Coleman	Kirchner	Olson	Sikorski	
Davies	Kleinbaum	Penny	Spear	
Dieterich	Knaak	Pillsbury	Staples	

Those who voted in the negative were:

Dunn	Nelson	Perpich	Solon	Ulland, J.
Menning				

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

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman introduced—

Senate Resolution No. 36: A Senate resolution relating to conduct of Senate business during the interim between sessions.

BE IT RESOLVED, by the Senate of the state of Minnesota:

The powers, duties and procedures set forth in this resolution apply during the interim between the adjournment of the 71st Legislature, 1979 session and the convening of the 71st Legislature, 1980 session.

All Senate records, including committee books, are subject to the direction of the Committee on Rules and Administration.

The Senate Chamber, retiring room, committee rooms, all conference rooms, storage rooms, Secretary of the Senate's office, Rules and Administration office, and any and all other space assigned to the Senate, shall be reserved for use by the Senate and its standing committees only and shall not be released or used for any other purpose except upon authorization of the Secretary of the Senate with the approval of the Committee on Rules and Administration, or the Chairman thereof.

The Subcommittee on Committees of the Committee on Rules and Administration shall appoint persons as necessary to fill any vacancies that may occur in committees, commissions, and other bodies whose members are to be appointed by the Senate authorized by rule, statute, resolution, or otherwise.

The Committee on Rules and Administration shall establish positions, set compensation, and appoint employees as it deems proper to carry out the work of the Senate.

The Secretary of the Senate is authorized to employ after the close of the session such employees as may be necessary to finish the business of the Senate at the salaries paid such employees under the rules of the Senate for the 1979 regular session. He is authorized to employ the necessary employees to prepare for the 1980 session at the salaries in effect at that time.

The Secretary of the Senate, as authorized and directed by the Committee on Rules and Administration, shall furnish each member of the Senate with postage and supplies, and may reimburse each member for long distance telephone calls and answering service not to exceed \$45 per month, upon proper verification of the expenses incurred, and for such other expenses as may be authorized from time to time by the Committee on Rules and Administration.

The Secretary of the Senate shall correct and approve the Journal of the Senate for those days that have not been corrected and approved by the Senate, and shall correct printing errors found in the Journal of the Senate for the 1979 session. He may include in the Senate Journal proceedings of the last day, appointments by the Subcommittee on Committees to interim commissions created by legislative action, permanent commissions or committees established by statute, standing committees, official communications and other matters of record received on or after the 21st day of May, 1979.

The Secretary of the Senate may pay election and litigation costs as authorized by the Committee on Rules and Administration.

The Secretary of the Senate, with the approval of the Committee on Rules and Administration, shall secure bids and enter into contracts for the printing of the daily Senate journals, bills, general orders, special orders, calendars, resolutions, printing and binding of the permanent Senate Journal, and other printing required by the Senate for the 71st Legislature, 1980 session, and any special session called prior to the 72nd regular session of the Legislature, shall secure bids and enter into contracts for remodeling and improvement of Senate office space, and shall purchase all supplies and equipment necessary to carry out the work of the Senate. Any contracts in excess of \$5,000 shall be signed by the Chairman of the Committee on Rules and Administration and another member designated by the Committee on Rules and Administration.

The Custodian of the Capitol shall continue to provide parking space for members and staff of the Legislature pursuant to Senate Concurrent Resolution No. 2.

Mr. Coleman moved the adoption of the foregoing resolution.

CALL OF THE SENATE

Mr. Ulland, J. imposed a call of the Senate. The following Senators answered to their names:

Ashbach	Dunn	Knoll	Pillsbury	Spear
Bang	Frederick	Knutson	Purfeerst	Strand
Benedict	Gerty	Laufenburger	Renneke	Stumpf
Bernhagen	Hughes	Lessard	Rued	Ueland, A.
Chenoweth	Jensen	Menning	Schaaf	Ulland, J.
Chmielewski	Kirchner	Nelson	Schmitz	Vega
Coleman	Kleinbaum	Olson	Setzepfandt	Wegener
Davies	Knaak	Perpich	Solon	Willet

The Sergeant at Arms was instructed to bring in the absent members.

Mr. Ulland, J. moved to amend Senate Resolution No. 36 as follows:

Page 2, delete paragraph 3

The question was taken on the adoption of the amendment.

Mr. Coleman moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 18 and nays 36, as follows:

Those who voted in the affirmative were:

Ashbach	Brataas	Jensen	Knutson	Ueland, A.
Bang	Dunn	Keefe, J.	Pillsbury	Ulland, J.
Benedict	Engler	Kirchner	Renneke	
Bernhagen	Frederick	Knaak	Rued	

Those who voted in the negative were:

Chmielewski	Kleinbaum	Nelson	Schaaf	Tennessee
Coleman	Knoll	Nichols	Schmitz	Vega
Davies	Laufenburger	Olhoff	Setzepfandt	Wegener
Dieterich	Lessard	Olson	Sikorski	Willet
Gearty	Luther	Penny	Solon	
Gunderson	Menning	Perpich	Spear	
Hughes	Merriam	Peterson	Staples	
Keefe, S.	Moe	Purfeerst	Stumpf	

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

Pursuant to Rule 21, Mr. Menning moved that the following members be excused at 11:30 o'clock a.m. for a Conference Committee on S. F. No. 1504:

Messrs. Menning, Moe, Pillsbury, Ashbach and Kleinbaum. The motion prevailed.

Mr. Jensen requested that the resolution be divided as follows:

First portion:

Page 2, paragraph 3

Second portion:

The remainder of the resolution

The question was taken on the adoption of the first portion of the resolution.

The roll was called, and there were yeas 33 and nays 19, as follows:

Those who voted in the affirmative were:

Coleman	Keefe, S.	Nelson	Purfeerst	Staples
Davies	Laufenburger	Nichols	Schaaf	Stumpf
Dieterich	Lessard	Olhoff	Schmitz	Tennessee
Gearty	Luther	Olson	Setzepfandt	Vega
Gunderson	Menning	Penny	Sikorski	Willet
Hughes	Merriam	Perpich	Solon	
Humphrey	Moe	Peterson	Spear	

Those who voted in the negative were:

Ashbach	Brataas	Jensen	Knutson	Sieloff
Bang	Dunn	Keefe, J.	Pillsbury	Ueland, A.
Benedict	Engler	Kirchner	Renneke	Ulland, J.
Bernhagen	Frederick	Knaak	Rued	

The motion did not prevail. So the first portion of the resolution was not adopted.

RECONSIDERATION

Mr. Benedict moved that the vote whereby the first portion of Senate Resolution No. 36 failed to pass the Senate on May 21, 1979, be now reconsidered. The motion prevailed.

The question was taken on the adoption of the first portion of the resolution.

Mr. Coleman moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 38 and nays 19, as follows:

Those who voted in the affirmative were:

Chmielewski	Keefe, S.	Moe	Purfeerst	Strand
Coleman	Kleinbaum	Nelson	Schaaf	Stumpf
Davies	Knoll	Nichols	Schmitz	Tennessee
Dieterich	Laufenburger	Olhoft	Setzepfandt	Vega
Gearty	Lessard	Olson	Sikorski	Wegener
Gunderson	Luther	Penny	Solon	Willet
Hughes	Menning	Perpich	Spear	
Humphrey	Merriam	Peterson	Staples	

Those who voted in the negative were:

Ashbach	Brataas	Jensen	Knutson	Sieloff
Bang	Dunn	Keefe, J.	Pillsbury	Ueland, A.
Benedict	Engler	Kirchner	Renneke	Ulland, J.
Bernhagen	Frederick	Knaak	Rued	

The motion prevailed. So the first portion of the resolution was adopted.

The question was taken on the adoption of the second portion of the resolution.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Knoll	Penny	Sillers
Bang	Gearty	Knutson	Perpich	Solon
Benedict	Gunderson	Laufenburger	Peterson	Spear
Bernhagen	Hanson	Lessard	Pillsbury	Staples
Brataas	Hughes	Luther	Purfeerst	Stokowski
Chenoweth	Humphrey	Menning	Renneke	Strand
Chmielewski	Jensen	Merriam	Rued	Stumpf
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Olhoft	Sieloff	Wegener
Engler	Knaak	Olson	Sikorski	Willet

The motion prevailed. So the second portion of the resolution was adopted.

Mr. Coleman introduced--

Senate Concurrent Resolution No. 12: A Senate Concurrent Resolution relating to adjournment until 1980.

BE IT RESOLVED, by the Senate, the House of Representatives concurring therein, that upon their adjournment May 21, 1979, the Senate may set its next day of meeting for Tuesday, January 22, 1980 at 12:00 o'clock noon, and the House of Representatives may set its next day of meeting for Tuesday, January 22, 1980 at 12:00 o'clock noon.

BE IT FURTHER RESOLVED, that this resolution is the consent of each House for the other to adjourn for more than three days following May 21, 1979.

Mr. Coleman moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 1605: A bill for an act relating to public improvements; authorizing the acquisition and betterment of public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of state building bonds; appropriating money, and authorizing a special levy.

Six members of the House have been appointed to a Conference Committee on the part of the House as follows:

Anderson, D.; Erickson; Mehrkens; Swanson; Metzen and Sieben, M.

House File No. 1605 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

Mr. Moe moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1605, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 1606: A bill for an act relating to public improvements; authorizing alteration, repair, rehabilitation, equipping, and replacement of equipment of public buildings with certain conditions; authorizing purchase and sale of public lands and buildings; appropriating money.

Six members of the House have been appointed to a Conference Committee on the part of the House as follows:

Anderson, D.; Erickson; Nelsen, B.; Osthoff; Anderson, G. and McCarron.

House File No. 1606 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

Mr. Moe moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 1606, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED CONFIRMATION

Mr. Tennesen moved that the report from the Committee on Commerce, reported May 19, 1979, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Tennesen moved that the foregoing report be now adopted. The motion prevailed.

Mr. Tennesen moved that in accordance with the report from the Committee on Commerce, reported May 19, 1979, the Senate, having given its advice, do now consent to and confirm the appointment of:

DEPARTMENT OF COMMERCE COMMISSIONER OF INSURANCE

Michael Markman, 898 Osceola Avenue, St. Paul, Ramsey County, effective March 2, 1979, for a term expiring the first Monday in January, 1983.

The motion prevailed. So the appointment was confirmed.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

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

S. F. No. 787: A bill for an act relating to commerce; creating a small business assistance center within the department of economic development; appropriating money; amending Minnesota Statutes 1978, Sections 161.321, Subdivision 1; 362.42; and Chapter 362, by adding a section.

Senate File No. 787 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

CONCURRENCE AND REPASSAGE

Mrs. Staples moved that the Senate concur in the amendments by the House to S. F. No. 787 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 787: A bill for an act relating to commerce; creating a business assistance center within the department of economic development; amending Minnesota Statutes 1978, Sections 161.-321, Subdivision 1; 362.42; and Chapter 362, by adding sections.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gearty	Knutson	Pillsbury	Stumpf
Bang	Gunderson	Lessard	Purfeerst	Tennessee
Benedict	Hughes	Luther	Rued	Ueland, A.
Brataas	Humphrey	Menning	Schaaf	Ulland, J.
Chenoweth	Jensen	Merriam	Schmitz	Vega
Chmielewski	Keefe, J.	Nelson	Setzepfandt	Wegener
Coleman	Keefe, S.	Olhoft	Sieloff	Willet
Davies	Kirchner	Olson	Sikorski	
Dieterich	Kleinbaum	Penny	Solon	
Engler	Knaak	Perpich	Staples	
Frederick	Knoll	Peterson	Strand	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 129: A bill for an act relating to reapportionment of the legislature and congressional districts; proposing an amendment to the Minnesota Constitution, Article IV, Sections 2, 3 and 4 to provide for establishment of the boundaries of congressional and legislative districts by a commission, removing the requirement that all senators be elected at the first general election following an apportionment and limiting the power of the legislature to change the number of senators and representatives; implementing the proposed amendment by providing by law for the duties, powers and operation of the commission; and repealing Minnesota Statutes 1978, Sections 2.041 to 2.712 and 2.731 to 2.811.

Six members of the House have been appointed to such committee on the part of the House as follows:

Sieben, M.; Osthoff; Otis; Carlson, D.; Peterson and Ewald.

Senate File No. 129 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 60 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 60 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 60

A bill for an act relating to natural resources; modifying certain trespass laws; amending Minnesota Statutes 1978, Section 100.273, Subdivision 1.

May 19, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 60, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 60 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 100.273, Subdivision 1, is amended to read:

100.273 [TRESPASS.] Subdivision 1. For purposes of this section, "agricultural lands" mean lands being used to raise agricultural products containing plowed or tilled fields, standing crops or their residues, or lands with a maintained fence for the purpose of enclosing domestic livestock; ~~except lands within 66 feet of the water's edge of streams or lakes.~~

Sec. 2. Minnesota Statutes 1978, Section 100.273, Subdivision 2, is amended to read:

Subd. 2. No person shall enter upon the agricultural lands of another for any recreational purpose as defined by section 87.021 with the intent of hunting big or small game nor shall any person intentionally enter upon the agricultural land of another for the purpose of pleasure driving, including snowmobiling or operating

any motorized vehicle, unless and until the permission of the owner, occupant, or lessee is obtained.

Sec. 3. Minnesota Statutes 1978, Section 100.273, Subdivision 4, is amended to read:

Subd. 4. No person while engaged in any recreational purpose as defined by section 87.021 shall enter or leave the lands of another, or pass from one portion of another person's land, through a closed gate without returning the gate to its original position, nor shall any person destroy, cut or tear down any fence, building, grain, crops, any sign erected pursuant to subdivision 6 or live trees, or wound or kill any domestic animals.

Sec. 4. Minnesota Statutes 1978, Section 100.273, Subdivision 7, is amended to read:

Subd. 7. In taking raccoon, when treed on private land with the aid of dogs, a person while on foot may, without permission of the landowner, enter such private land to retrieve any dogs and then shall immediately leave the premises. *During the season for taking big or small game, a hunter may on foot retrieve a wounded big or small game animal from agricultural land of another which is not posted pursuant to subdivision 6, without permission of the landowner, and shall then leave as soon as possible.*

Sec. 5. Minnesota Statutes 1978, Section 100.273, Subdivision 9, is amended to read:

Subd. 9. Violation of any provision of this section is a misdemeanor. Upon a person's first conviction for violating any provision of this section, any license issued to him pursuant to chapter 98, or any registration pursuant to section 84.82, under which he was exercising or attempting to exercise a privilege while violating this section shall immediately become null and void. ~~Except as otherwise provided in this subdivision, if a person is convicted of a second or subsequent offense prohibited by any provision of this section, any license issued to him pursuant to chapter 98, or any registration pursuant to section 84.82, under which he was exercising or attempting to exercise a privilege while violating this section, shall immediately become null and void and he shall forfeit his right to secure any license for that purpose authorized in chapter 98 or any registration pursuant to section 84.82 for a period of three years from the date of the conviction. If a person is exercising or attempting to exercise a privilege under a license issued pursuant to chapter 98 when arrested for a second violation of this section and the purpose of the license is different from the purpose of the license under which he was exercising or attempting to exercise a privilege when arrested for the first offense, the license involved in the second violation shall immediately become null and void.~~

Further, amend the title as follows:

Page 1, line 4, delete "Subdivision 1" and insert "Subdivisions 1, 2, 4, 7, and 9"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Al W. Wieser, Jr., John S. Biersdorf, Joseph R. Begich, David P. Battaglia

Senate Conferees: (Signed) Clarence M. Purfeerst, Gerry Sikorski, Collin C. Peterson

Mr. Purfeerst moved that the foregoing recommendations and Conference Committee Report on H. F. No. 60 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 60: A bill for an act relating to natural resources; modifying certain trespass laws; amending Minnesota Statutes 1978, Section 100.273, Subdivisions 1, 2, 4, 7 and 9.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 45 and nays 6, as follows:

Those who voted in the affirmative were:

Bang	Gunderson	Luther	Peterson	Solon
Benedict	Hughes	Menning	Pillebury	Staples
Bernhagen	Jensen	Moe	Purfeerst	Strand
Brataas	Keefe, S.	Nelson	Renneke	Stumpf
Chmielewski	Kleinbaum	Nichols	Rued	Tennessee
Coleman	Knaak	Olhoff	Schaaf	Ueland, A.
Engler	Knutson	Olson	Schmitz	Ulland, J.
Frederick	Laufenburger	Penny	Setzepfandt	Vega
Gearty	Lessard	Perpich	Sikorski	Wegener

Those who voted in the negative were:

Davies	Keefe, J.	Kirchner	Merriam	Sieloff
Dieterich				

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

Pursuant to Rule 21, Mr. Humphrey moved that the following members be excused at 12:30 o'clock p.m. for a Conference Committee on S. F. No. 1510:

Messrs. Humphrey; Willet; Keefe, S.; Chenoweth and Dunn. The motion prevailed.

Pursuant to Rule 21, Mr. Moe moved that the following members be excused at 1:00 o'clock p.m. for a Conference Committee on S. F. No. 1504:

Messrs. Moe, Menning, Kleinbaum, Ashbach and Pillsbury. The motion prevailed.

RECESS

Mr. Coleman moved that the Senate do now recess until 2:00 o'clock p.m. The motion prevailed.

The hour of 2:00 o'clock p.m. having arrived, the President called the Senate to order.

Pursuant to Rule 21, Mr. Luther moved that the following members be excused at 2:00 o'clock p.m. for a Conference Committee on S. F. No. 129:

Messrs. Luther, Pillsbury, Sikorski, Dieterich and Schaaf. The motion prevailed.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Frederick	Menning	Rued	Stumpf
Ashbach	Gearty	Moe	Schaaf	Ueland, A.
Bang	Hanson	Nelson	Sieloff	Ulland, J.
Benedict	Hughes	Olson	Sikorski	Vega
Chmielewski	Johnson	Penny	Sillers	Wegener
Coleman	Keefe, S.	Perpich	Solon	Willet
Davies	Kirchner	Peterson	Staples	
Dunn	Knaak	Pillsbury	Stokowski	
Engler	Laufenburger	Renneke	Strand	

The Sergeant at Arms was instructed to bring in the absent members.

Without objection, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

APPOINTMENTS

Mr. Coleman from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S. F. No. 273: Messrs. Peterson, Sieloff and Sikorski.

S. F. No. 202: Messrs. Nelson, Kirchner and Perpich.

S. F. No. 486: Messrs. Dunn, Hughes and Anderson.

H. F. No. 990: Messrs. Anderson, Ogdahl and Peterson.

H. F. No. 1605: Messrs. Moe; Humphrey; Willet; Keefe, J. and Ashbach.

H. F. No. 1606: Messrs. Moe; Humphrey; Willet; Keefe, J. and Ashbach.

Mr. Coleman requested that the appointments on S. F. No. 273 be divided out.

Mr. Coleman moved that the foregoing appointments except on S. F. No. 273 be approved. The motion prevailed.

Mr. Coleman moved that S. F. No. 273 be laid on the table. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 317 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 317 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 21, 1979.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 317

A bill for an act relating to highway traffic regulations; passing a stopped school bus displaying stop arm signals; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Section 169.44, by adding a subdivision.

May 19, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 317, report that we have agreed upon the items in dispute and recommend as follows:

That the House accede to the Senate amendment.

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Stephen G. Wenzel, John T. Rose, Tony Onnen

Senate Conferees: (Signed) Myrton O. Wegener, John Bernhagen, Gerry Sikorski

Mr. Wegener moved that the foregoing recommendations and Conference Committee Report on H. F. No. 317 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 317: A bill for an act relating to highway traffic regulations; passing a stopped school bus displaying stop arm signals; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Section 169.44, by adding a subdivision.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 50 and nays 2, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Laufenburger	Peterson	Spear
Bang	Hanson	Lessard	Pillsbury	Stokowski
Benedict	Hughes	Luther	Purfeerst	Strand
Bernhagen	Humphrey	Menning	Renneke	Stumpf
Chmielewski	Jensen	Moe	Rued	Tennessee
Coleman	Johnson	Ogdahl	Schaaf	Ueland, A.
Davies	Kirchner	Olhoff	Schmitz	Uland, J.
Dunn	Kleinbaum	Olson	Sikorski	Vega
Frederick	Knaak	Penny	Sillers	Wegener
Gearty	Knutson	Perpich	Solon	Willet

Messrs. Merriam and Sieloff voted in the negative.

So the bill, as amended by the Conference Committee, was re-passed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 686 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 686 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 686

A bill for an act relating to public health; permitting use of plastic water well casings in additional counties; amending Minnesota Statutes 1978, Section 156A.031, Subdivision 2.

May 19, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 686, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 686 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 156A.031, Subdivision 1, is amended to read:

156A.031 [PLASTIC CASINGS.] Subdivision 1. The use of plastic casings in water wells is expressly permitted within the state of Minnesota. Any plastic casing used for water wells must meet the current standard specifications of the American Society for Testing and Materials (ASTM) for thermoplastic water well casing pipe and couplings. All plastic water well casing shall be capable of withstanding pressures equal to or greater than 200 pounds per square inch (p.s.i.).

The state commissioner of health may supplement the provisions of this section with rules relating to the installation of plastic water well casing, providing, however, that such rules shall not delay the use of plastic water well casing meeting the requirements of this section.

Prior to January 31, 1978 1981, the state commissioner of health shall adopt rules of *statewide application* pursuant to chapter 15 concerning the installation and use of plastic water well casing pipes and couplings *in the state*.

Sec. 2. Minnesota Statutes 1978, Section 156A.031, Subdivision 2, is amended to read:

Subd. 2. *Until the commissioner implements the rules of statewide application required under subdivision 1, the permission for the use of plastic casings as granted by this section applies only to the counties of Traverse, Grant, Douglas, Stevens, Pope, Big Stone, Swift, Lac qui Parle, Chippewa, Kandiyohi, Yellow Medicine, Renville, Lincoln, Lyon, Pipestone, Murray, Rock, and Nobles to all counties except the counties of St. Louis, Lake, Cook, Carlton, Pine, Kanabec, Chisago, Anoka, Washington, Ramsey, Hennepin, McLeod, Carver, Sibley, Scott, Dakota, Redwood, Brown, Nicollet, LeSueur, Rice, Goodhue, Wabasha, Watonwan, Blue Earth, Waseca, Steele, Dodge, Olmsted, Winona, Faribault, Freeborn, Mower, Fillmore, Koochiching, Wright and Houston.*

Sec. 3. *This act is effective the day following its final enactment.*"

Further, amend the title as follows:

Page 1, line 5, delete "Subdivision" and insert "Subdivisions 1 and"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) John R. Corbid, Dominic J. Elioff, Myron E. Nysether, Bob Anderson

Senate Conferees: (Signed) Marvin B. Hanson, Jerald C. Anderson, Robert G. Dunn

Mr. Hanson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 686 be now adopted, and that the bill be repassed as amended by the Conference Com-

mittee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 686: A bill for an act relating to public health; permitting use of plastic water well casings in additional counties; amending Minnesota Statutes, 1978, Section 156A.031, Subdivisions 1 and 2.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Laufenburger	Pillsbury	Stokowski
Bang	Hanson	Lessard	Purfeerst	Strand
Benedict	Hughes	Luther	Renneke	Stumpf
Bernhagen	Humphrey	Merriam	Rued	Tennessee
Chmielewski	Jensen	Moe	Schaaf	Ueland, A.
Coleman	Johnson	Ogdahl	Schmitz	Ulland, J.
Davies	Kirchner	Olhoft	Sieloff	Vega
Dunn	Kleinbaum	Olson	Sikorski	Willet
Engler	Knaak	Penny	Sillers	
Frederick	Knoll	Perpich	Solon	
Gearty	Knutson	Peterson	Spear	

So the bill, as amended by the Conference Committee, was re-passed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has not adopted the report of the Conference Committee on Senate File No. 1351 and has not re-passed Senate File No. 1351 as amended by Conference. Senate File No. 1351 was returned by the House to the same Conference Committee.

S. F. No. 1351: A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1; and Chapter 473, by adding sections; repealing Minnesota Statutes 1978, Section 473.568.

Senate File No. 1351 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

S. F. No. 1351 was returned to the Conference Committee as previously constituted.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Willet moved that H. F. No. 866 be taken from the table. The motion prevailed.

SUSPENSION OF RULES

Mr. Willet moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 866 and that the rules of the Senate be so far suspended as to give H. F. No. 866 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 866 was read the second time.

H. F. No. 866: A bill for an act relating to peace officers; regulating part-time officers; appropriating money; amending Minnesota Statutes 1978, Sections 626.84 and 626.841; and Chapter 626, by adding sections.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Laufenburger	Pillsbury	Staples
Ashbach	Frederick	Lessard	Purfeerst	Stokowski
Bang	Garty	Menning	Renneke	Strand
Benedict	Gunderson	Merriam	Rued	Stumpf
Bernhagen	Hughes	Moe	Schaaf	Tennessee
Chenoweth	Jensen	Ogdahl	Schmitz	Ulland, J.
Chmielewski	Johnson	Olhoft	Sieloff	Vega
Coleman	Kirchner	Olson	Sikorski	Wegener
Davies	Knaak	Penny	Sillers	Willet
Dieterich	Knoll	Perpich	Solon	
Dunn	Knutson	Peterson	Speare	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Willet moved that S. F. No. 996, No. 10 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Johnson moved that S. F. No. 1344, No. 11 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Johnson moved that H. F. No. 1465, No. 14 on Special Orders, be stricken and laid on the table. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on

House File No. 1518 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1518 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1518

A bill for an act relating to the organization and operation of state government; appropriating money for welfare, corrections, health, and other purposes with certain conditions; providing appropriations for the departments of public welfare, economic security, corrections, corrections ombudsman, health, health related boards; amending Minnesota Statutes 1978, Sections 145.917, by adding a subdivision; and 145.921, by adding subdivisions; repealing Minnesota Statutes 1978, Section 145.921, Subdivisions 2 and 4.

May 20, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1518, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1518 be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [WELFARE, CORRECTIONS, HEALTH; APPROPRIATIONS.] The sums set forth in the columns designated “APPROPRIATIONS” are appropriated from the general fund, or any other fund designated, 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 “1979”, “1980”, and “1981”, wherever used in this act, mean that the appropriation or appropriations listed thereunder shall be available for the year ending June 30, 1979, June 30, 1980, or June 30, 1981, respectively.

SUMMARY BY FUND

	1979	1980	1981	TOTAL
General	\$6,109,000	\$615,711,900	\$655,502,300	\$1,277,323,200
Trk. Hwy.		\$ 269,700	\$ 269,700	\$ 539,400

APPROPRIATIONS

**Available for the Year
Ending June 30,**

1980 1981

\$ \$

Sec. 2. COMMISSIONER OF PUBLIC WELFARE

Subdivision 1. Total Department Appropriation 518,176,200 559,742,200

Total Department

Approved Complement—6643.7

The amounts that may be expended from this appropriation for each program and activity and the approved complement for each program are more specifically described in the following subdivisions of this section.

Subd. 2. Program and Administrative Support 21,817,000 23,451,600

Approved Complement—171.2

The amounts that may be expended from this appropriation for each activity are as follows:

Special County Aids

1980 1981
\$3,569,700 \$4,251,200

All payments from money appropriated for equalization aid shall be based upon a formula that includes four factors: recipient rate, per capita income, per capita taxable value, and per capita expenditures for welfare.

Salary expenditures for computation of equalization aid shall not be included for purposes of computing county per capita welfare costs or in county welfare costs.

Notwithstanding any law to the contrary, initial payments for equalization aid to counties shall be made on or before October 1, 1979, for fiscal year 1980 and on or before October 1, 1980, for fiscal year 1981. Final payments shall be made before January 1 of the following fiscal year.

1980

1981

\$

\$

For the purposes of equalization aid, welfare costs shall be deemed to include all forms of public assistance and the administrative costs thereof, to-wit: medical assistance, aid to dependent children, Minnesota supplemental assistance, payments to the commissioner of public welfare for care and treatment of patients in state institutions, medical relief, hospital charges, maintenance of children not under state guardianship, general assistance, and all administrative costs except university hospitals care, care of children under state guardianships, and poor burials.

No county shall be entitled to the benefits of this act if it has transferred any money available for welfare purposes to any other county funds, except that where money is otherwise unavailable, a transfer may be made to the general revenue fund of the county for payment of rent of office space for the county welfare board. A transfer shall be made only with the approval of the governor after consultation with the Minnesota public relief advisory committee. Transfer of money for payment of rent shall not be considered an expenditure for equalization aid reimbursement. Any federal money received in lieu of taxes because of federal grants shall be available for welfare purposes.

No county shall receive from state money paid for equalization aid an amount in excess of 75 percent of its cost of welfare as defined in this subdivision.

Notwithstanding any law to the contrary, the formula used in this subdivision for equalizing welfare costs shall be used for computing distressed county aid for developmental achievement centers and community mental health centers.

Reimbursements for general relief—Indians and the Red Lake Band of Chipewa Indians shall be prorated if the appropriation made in this subdivision is insufficient to provide full reimbursement.

	1980	1981
	\$	\$
County Administrative Cost Reimbursement	\$13,537,600	\$14,480,200
Administrative Support	\$4,709,700	\$4,720,200

Estimated federal money to be deposited in the general fund that is earned by the various accounts of the department of public welfare is detailed on the worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance. If federal money anticipated is less than shown on the official worksheets, the commissioner of finance shall reduce the amount available from the specific appropriation by a like amount. The reductions shall be noted in the budget document submitted to the 72nd legislature in addition to an estimate of similar federal money anticipated for the 1981-1983 biennium.

Subd. 3. Social Services	14,893,500	16,054,500
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Approved Complement—103.5

The amounts that may be expended from this appropriation for each activity are as follows:

Day Care

\$1,161,600	\$1,161,600
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Cost of Care—

Emotionally Disturbed

\$1,837,500	\$2,259,000
-------------	-------------

Mentally Retarded

\$5,027,500	\$5,743,000
-------------	-------------

Aging, Blind, and Deaf Services

\$6,213,000	\$6,226,000
-------------	-------------

Notwithstanding any other law, no client receiving aid from services for the blind for purposes of vocational rehabilitation shall be required to maintain grade point ratios or other scholastic requirements in excess of the educational or vocational institutions requirements for all students attending such institutions.

1980

1981

\$

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Employees of the Communication Center for the Blind shall be transferred without competitive examination on July 1, 1979 to the classified civil service of the state within the department of public welfare. Positions and employees shall be placed in the proper classification by the commissioner of personnel with compensation as those classifications carry. Incumbents of transferred positions shall receive the status and length of service credit as would have accrued to them had they originally been appointed to the classified civil service. However, the length of service credit shall not include seniority under the provisions of a collective bargaining agreement negotiated pursuant to sections 179.61 to 179.77, until the effective date of classified civil service status. All of the employee's accrued vacation and sick leave shall be transferred to their credit, provided that in no event shall the amount transferred exceed state limitations for classified employees.

Any permanent full time employee of the Communication Center for the Blind who was a permanent full time employee of the center on July 1, 1979, for whom the prior employment was not covered by the Minnesota state retirement system, may obtain allowable service credit in the Minnesota state retirement system by paying to the retirement system an amount equal to four percent of his or her current salary rate multiplied by the days and months of such prior service for which he or she desires to obtain allowable service credit plus a matching amount representing the employer's required contributions, except that the department, at its option, may agree to pay the matching amount on behalf of its employees.

Proof of prior permanent full time service and the duration thereof shall be established by the certification of the department to the executive director of the retirement system. The payments shall be made either in a lump sum or

1980

1981

\$

\$

by payroll deduction arranged for on or before July 1, 1980.

The department may use salary savings from this activity to pay the employee's matching contribution.

For the nutrition program, the commissioner of public welfare shall require that the cost of each meal provided shall be conspicuously posted in each facility where meals are served.

Social Services Support

\$653,900

\$664,900

This appropriation includes \$200,000 for the biennium to conduct a continuing education and training program designed to encourage the fullest degree of reporting of known and suspected cases of child abuse and neglect, including institutional abuse and neglect, and to improve communication and coordination among all agencies in the identification, prevention, and treatment of child abuse and neglect. The program shall inform the general public and professionals of the nature and extent of child abuse and neglect and their responsibilities, obligations and powers under Minnesota Statutes, Sections 245.813, 626.555 and 626.556. It shall also include information relating to the functions and procedures of the county child protection program and child protection team. The commissioner may contract with appropriate state and other agencies for the development of curriculum for and training of professionals in the respective disciplines.

This appropriation includes \$200,000 for the biennium for grants to public and private nonprofit organizations for experimental programs which encourage interagency cooperation in preventing or treating of child abuse and neglect. Each experimental program shall conform to guidelines developed by the commissioner. Applications for grants shall be made in the form prescribed by the commissioner and shall include a method whereby the program can be evaluated on the

1980

1981

\$

\$

basis of measurable program objectives. The guidelines and forms prescribed by the commissioner pursuant to this section shall be exempt from the administrative procedures prescribed in chapter 15.

This appropriation includes an appropriation to the commissioner of public welfare from the general fund in the sum of \$25,000 for each year of the biennium for the purpose of providing a grant-in-aid to NewBridge, a protected shelter for juvenile females, for its activities to provide a program that will offer short term residence and support for teenage women who wish to leave their involvement in prostitution. The funds shall be expended subject to the direction of the commissioner of public welfare. This appropriation expires June 30, 1981. It is the intention of the legislature that this shall be a final and non-recurring appropriation.

The commissioner of public welfare shall make a single calculation each year for the distribution of the money for the social services act. The excess resulting from that calculation shall cancel to the general fund. Such calculation shall be \$2,700,000 for the biennium.

If separate legislation for the social services act does not pass the 1979 legislature, \$1,350,000 per year of the Title XX money which the state receives shall be allocated to the department of economic security, division of vocational rehabilitation. A like amount of the state appropriation for that department shall cancel to the general fund.

Subd. 4. Income Maintenance 330,165,000 367,795,600

Approved Complement—256

The amounts that may be expended from this appropriation for each activity are as follows:

Aid to Families with Dependent Children, Medical Assistance, Minnesota Sup-

	1980	1981
	\$	\$
plemental Assistance, and Catastrophic Health Insurance		
	\$273,005,100	\$305,065,400
Medical Assistance Deficiency		
	\$6,109,000 for 1979	

The commissioner of public welfare shall provide supplementary grants, not to exceed \$150,000 per year, for aid to families with dependent children and shall 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, and replacement of essential household furnishings and essential major appliances.

Notwithstanding the provisions of Minnesota Statutes, Sections 62E.52, Subdivision 2, Clause (1) and 62E.53, Subdivision 2, Clause (1), the appropriation for catastrophic health insurance includes funds which shall be used, under the Minnesota catastrophic health expense protection act of 1976, to increase payments for the qualified expenses of any eligible person and any dependents in any 12 consecutive months. The payment in 1980 shall not exceed 30 percent of household income up to \$15,000, plus 40 percent of household income between \$15,000 and \$25,000, plus 50 percent of household income in excess of \$25,000. The payment in 1981 shall not exceed 20 percent of household income up to \$15,000, plus 25 percent of household income between \$15,000 and \$25,000, plus 30 percent of household income in excess of \$25,000.

Notwithstanding the provisions of Minnesota Statutes, Sections 62E.52, Subdivision 3a and 62E.53, Subdivision 2, Clause (2), the appropriation for catastrophic health insurance includes funds which shall be used, under the Minnesota catastrophic health expense protection act of 1976, to increase payments for qualified nursing home expenses in fiscal years 1980 and 1981 to include any charge in-

1980

1981

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curred for nursing home services after 24 months of continuous care provided to a person 64 years of age or younger in long-term care facilities.

The commissioner of public welfare in consultation with the commissioner of health is authorized to make the adjustments he deems necessary in the medical assistance and general assistance medical payments to assure expenditures do not exceed the appropriations for such programs. The initial adjustment shall be to eliminate inequities, and any adjustments thereafter shall be on a nondiscriminatory basis.

The commissioner of public welfare shall not transfer any money into the catastrophic health appropriation, but shall make adjustments to assure expenditures do not exceed the appropriation for this program, if such adjustments are necessary. The appropriation for the catastrophic health insurance program is \$14,500,000 for the biennium ending June 30, 1981.

Notwithstanding any law to the contrary, counties may retain one half of the non-federal share of medical assistance collections from estates which are directly attributable to county effort.

Provided that medical assistance may include personal care services in a recipient's home rendered by an individual, not a member of the family, who is qualified to provide the services, when the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse.

Notwithstanding any state law to the contrary, the commissioner of public welfare shall not adjust the budget standards for any categorical aid program in excess of the amount authorized by the legislature unless federal statute or regulation require it.

Recipients of Minnesota supplemental assistance living in nonmedical congregat

1980

1981

\$

\$

care or foster care shall receive the same personal needs allowance as recipients of medical assistance residing in intermediate care facilities.

The commissioner of public welfare shall adjust the benefits payable to the aged, blind and disabled recipients pursuant to Minnesota Statutes, Sections 256D.36 and 256D.37 who do not reside in congregate care or foster care facilities in an amount equivalent to the cost of living adjustments in the federal supplemental security income program.

In determining the amount of the aid to families with dependent children and general assistance grants, the commissioner shall effect a seven percent increase on July 1, 1979 and a seven percent increase on July 1, 1980.

The moneys received under the state and local fiscal assistance act, known as general revenue sharing, shall be deposited in the medical assistance account and the state appropriation shall be reduced by a like amount.

The appropriation made in Laws 1977, Chapter 453, Section 2, Subdivision 3 for general assistance may be transferred to the medical assistance appropriation in fiscal year 1979.

General Assistance and General Assistance Medical Care

\$46,991,000 \$52,607,000

Income Maintenance Support

\$10,168,900 \$10,123,200

If the appropriation for aid to families with dependent children, catastrophic health insurance, medical assistance, Minnesota supplemental assistance, general assistance and general assistance medical care is insufficient for either year, the appropriation for the other year shall be available by direction of the governor after consulting with the legislative advisory commission.

	1980	1981
	\$	\$
Subd. 5. Mental Health	151,300,700	152,440,500

Total Approved Complement—6113

State Hospitals—5427

The complement for state hospitals includes up to 15 new positions for the program for emotionally disturbed to be located at Willmar state hospital.

The commissioner of public welfare is authorized to fill up to 150 the first year and 120 the second year human services technician positions in the state hospitals in addition to the approved complement specified in this subdivision for the purpose of alleviating recruitment delays in direct patient care, as salary savings become available to fund such positions.

All new positions granted in this subdivision for hospitals shall be direct patient care positions.

In addition to salary savings, \$500,000 per year is appropriated in the salary account for the state hospitals for this purpose.

As the hospital population decreases, the supportive staff complement shall be reduced in direct proportion.

Nursing Homes—617

Mental Health Support—69

The amounts that may be expended from this appropriation for each activity are as follows:

Program Offices

Mentally Ill

\$ 909,200 \$ 909,200

Mentally Retarded

\$ 926,000 \$ 926,000

The commissioner of public welfare may fund up to 70 families for the mentally retarded family subsidy program.

Any unexpended balance remaining in the first year for the program office for men-

1980

1981

\$

\$

tally retarded shall not cancel, but shall be available for the second year.

Chemically Dependent

\$ 4,151,000 \$ 4,151,000

\$200,000 per year of the appropriation for the American Indian program shall be directed to the problems of Indians in the metropolitan community, as defined in Minnesota Statutes, Section 473.02, Sub-division 5.

The commissioner of public welfare shall set aside an amount of the state appropriation which is equal to the amount of federal reimbursement received for operating expenses of the Mash-ka-wisen residential treatment center. The appropriation which is set aside may not be expended without the approval of the commissioner of public welfare, who shall provide advance notice to the commissioner of finance, the chairman of the senate finance committee and the chairman of the house appropriations committee.

Counties shall consider the option of utilizing a special facility for providing treatment for the chemical dependency problems of American Indians prior to any other referral of American Indian persons. Referring counties shall pay the county's share of the cost of providing this treatment for American Indians who are county residents when referrals are approved by the appropriate county agencies.

The commissioner of public welfare shall present three options to the chairmen of the house appropriations committee and the senate finance committee for an evaluation of the chemical dependency programs. The chairmen will review the options and make a recommendation. The program evaluation shall provide for, but need not be limited to, an examination of the following factors: (1) comparative unit cost of program components including education, outreach, consultation, early detection, diagnosis and referral.

1980

1981

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\$

training, treatment and administration; (2) comparative success in reaching goals with respect to the number of clients served in specified program components; (3) comparative success in the design and implementation of an effective system of program evaluation; and (4) comparative success in outcomes for persons served, especially in the treatment component.

In allocating state and federal funds for chemical dependency services, priority shall be given to providers who (1) have done well in evaluations of their performance, (2) provide unique services or emphasize alternative or innovative service systems, (3) have demonstrated an ability to provide effective early outreach services, or (4) who direct their services primarily to persons who are chemically dependent.

Community Mental Health Centers

\$18,712,000 \$20,677,400

Notwithstanding any law to the contrary, county boards may select the appropriate contiguous region to associate with for community mental health services.

Developmental Achievement Centers

\$ 9,759,100 \$11,053,400

State Hospitals

Current Expense

\$11,818,300 \$11,818,300

Salaries

\$90,496,900 \$90,496,900

Repairs and replacements

\$1,318,500

Special Equipment

\$601,800

Nursing Homes

Current Expense

\$ 1,554,400 \$ 1,554,400

	1980	1981
	\$	\$
Salaries		
\$ 9,525,800	\$ 9,525,800	
Repairs and replacements		
\$ 128,800		
Special Equipment		
\$ 69,600		
Mental Health Support		
\$ 1,329,000	\$ 1,328,100	

Any unexpended balance remaining in the first year for special equipment and repairs and replacements shall not cancel but shall be available for the second year of the biennium.

The information for the budgets for the nursing homes, and hospitals shall be submitted to the 1981 legislature on an individual hospital basis together with a summary budget in the same format as the legislature appropriated money.

Positions and administrative money may be transferred between the various activities within each subdivision in this section, except for the institutions.

The commissioner of public welfare is authorized to establish an imprest cash fund at each of the state operated residential facilities to be utilized for payment to residents participating in on-campus work programs.

Sec. 3. COMMISSIONER OF ECONOMIC SECURITY

Total Department Appropriation.....	14,881,700	15,543,100
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The amounts that may be expended from this appropriation for each program are as follows:

Employment and Training		
\$ 3,681,000	\$ 3,614,000	

The appropriation in employment and training for the summer youth program shall be available immediately to provide the same level of program for each

1980

1981

\$

\$

summer of the biennium as was provided during the summer of 1978. If the appropriation for either year of the biennium is insufficient, the appropriation from the other year shall be available to supplement it.

Any unexpended balance remaining in the first year for the work equity project shall not cancel, but shall be available for the second year of the biennium.

Vocational Rehabilitation Services

\$ 9,558,300 \$10,253,300

Funds received from workers' compensation carriers for services provided by the division of vocational rehabilitation for the benefit of injured workers, shall be deposited in the accounts of the division of vocational rehabilitation, and reported in the same ratio to state and federal funds expended. Should such deposits of the state's share exceed the amount shown on worksheets of the conferees of the Senate and House of Representatives, the commissioner of finance shall reduce the amounts available from the general appropriation for the division of vocational rehabilitation by the amount of such excess. The federal share of these recoupments shall be deposited as required by federal law, regulation and guideline.

The commissioner of economic security may expend money received from school districts, governmental subdivisions, mental health authorities, and private nonprofit organizations for the purpose of conducting joint or cooperative vocational rehabilitation programs, and this money is appropriated for these purposes. Any unexpended balance remaining in the first year for vocational rehabilitation services shall not cancel, but shall be available for the second year of the biennium.

Management and Coordination

\$ 1,642,400 \$ 1,675,800

1980

1981

\$

\$

If the appropriation in management and coordination for the displaced homemaker program for either year of the biennium is insufficient, the appropriation from the other year is available for it.

This appropriation includes funds for at least one additional facility to serve those geographic areas currently without the displaced homemaker service. Geographic restrictions on participation in any center's program shall be eliminated.

Unless otherwise required by federal law, money paid by any state agency to a community action agency may be paid in the form of a grant and may be paid in advance of the receipt by the community action agency of matching federal money. This provision expires June 30, 1981.

This appropriation contains sufficient money to ensure that no community action program receives a reduction in funding as a result of implementation of a revised formula for distribution of money to community action agencies.

If the anticipated reduction in federal funding for the work equity program, comprehensive services for independent living, and statewide economic opportunity does not occur, the additional state appropriations shall cancel in a direct relationship.

Sec. 4. COMMISSIONER OF CORRECTIONS

Subdivision 1. Total Department Appropriation	54,808,600	55,162,400
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Total Department Approved Complement—1980:	1369.4	
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1981:	1362.9	
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The amounts that may be expended from the appropriation for each program and activity and the approved complement for each program are more specifically described in the following subdivisions of this section.

	1980	1981
	\$	\$
Subd. 2. General Support	4,758,900	4,629,600
Approved Complement—1980:	93.7	
	1981: 88.2	

The amounts that may be expended from this appropriation for each activity are as follows:

County Probation Reimbursement

\$ 1,296,900 \$ 1,445,200

No new positions eligible for county probation reimbursement under this activity shall be added by any county without the written approval of the commissioner of corrections. Any unexpended balance remaining for county probation reimbursement shall cancel to the general fund.

On or before October 30 of each even numbered year, each county or group of counties shall submit to the commissioner of corrections an estimate of the cost for county probation reimbursement. Reimbursement shall be made on the basis of the estimate submitted or the actual expenditure, whichever is less.

Subsidy Programs

\$ 388,300 \$ 394,300

Support

\$ 3,073,700 \$ 2,790,100

This appropriation includes money for training of group home parents in county homes.

Subd. 3. Special Services	5,646,700	4,060,600
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Approved Complement—52.8

The amounts that may be expended from this appropriation for each activity are as follows:

Health Care

\$ 1,955,600 \$ 2,013,100

The health care appropriation shall be used to provide professional health care to persons confined in institutions under the control of the commissioner of corrections, and to cover costs of their care in hospitals and other medical facilities not under

1980

1981

\$

\$

the control of the commissioner of corrections, including the secure treatment unit operated by the St. Paul-Ramsey Hospital. All reimbursements for such health care services shall be deposited in the general fund.

Any person confined in a state correctional institution for adults who had been adjudicated to be mentally ill and in need of treatment, may be committed to the commissioner of corrections and placed in the psychiatric unit funded in this subdivision.

Education

\$	334,400	\$	334,400
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Victim Services

\$	3,042,100	\$	1,395,800
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\$2,995,700 of this appropriation shall be used to fund the battered women program heretofore established; to develop and implement a model treatment program for the violent partner of the battered woman, and to extend the battered women advisory task force for an additional two years to June 30, 1981. The commissioner of corrections may authorize the use of a percentage of a grant for the operation of an emergency shelter or make a separate grant for the rehabilitation of any facility owned by the grantee and used as a shelter to bring the facility into compliance with state and local laws pertaining to health, fire and safety and to provide security.

\$500,000 of this appropriation shall be available to the commissioner of corrections for awarding grants to cities, counties, and private nonprofit agencies for the provision of services to victims of sexual assault. Application for the grants shall be in a form prescribed by the commissioner. No more than 15 percent of this appropriation may be awarded within any one county. Up to five percent of this appropriation may be used for administrative and evaluation purposes.

1980

1981

\$

\$

Any unexpended balance remaining in the first year for the victim services appropriation shall not cancel, but shall be available for the second year of the biennium.

Support

\$ 314,600 \$ 317,300

Subd. 4. Community Services 13,156,300 15,175,500

Approved Complement—1980: 79.4

1981: 78.4

The amounts that may be expended from this appropriation for each activity are as follows:

Probation and Parole

\$ 1,853,800 \$ 1,837,100

Residential and Community Programs

\$ 1,355,800 \$ 1,407,600

The commissioner of corrections shall evaluate the women helping offenders program, and shall report on such by June 30, 1981.

Community Corrections Act

\$ 9,946,700 \$ 11,930,800

As counties begin participating in the corrections subsidy act, the complement of the central office shall be reduced by the number of positions transferred to the counties entering the act.

The commissioner of corrections shall select the counties that may participate under the corrections subsidy act after consulting with the appropriate finance committees of the legislature.

Of this appropriation, \$975,000 each year is available to the commissioner of corrections to be applied as a grant to a county or group of counties participating in the community corrections act that retain in the community those offenders for which the penalty of imprisonment provided by law is five years or less. The amount of

1980

1981

\$

\$

the grant to each county shall be determined by the commissioner who shall annually project the number of offenders who are retained in the community by participating counties. The commissioner shall allocate this appropriation based on the proportion of offenders retained in all participating counties, but the allocation shall be for no more than 75 percent of the per diem cost at the Minnesota state prison. The commissioner shall make necessary adjustments to the grants at the end of each fiscal year to reflect the actual number of these offenders retained in participating counties.

There shall be established a committee to study the financing of correctional services and the community corrections act in Minnesota. The membership of the committee shall be composed of the following: (a) two members of the Minnesota house of representatives, to be appointed by the speaker of the house; (b) two members of the Minnesota senate, to be appointed by the president of the senate; (c) two representatives of the department of corrections, to be appointed by the commissioner; (d) six representatives of community corrections act participating and nonparticipating counties, to be appointed by the association of Minnesota counties. The committee shall report its findings to the state legislature on or before January 1, 1980 and then shall disband as a committee.

No less than the equivalent of four percent of the appropriation made for the community corrections act may be expended for evaluation.

State officers and employees displaced by a county's participation in the community corrections act and hired by the participating county shall, in addition to the benefits provided in Minnesota Statutes 1978, Section 401.04, and in the manner provided therein, retain all fringe benefits and recall from layoff benefits accrued by seniority and en-

	1980	1981
	\$	\$
joyed by them while in the service of the state.		
If in any biennium the subsidy is increased by an inflationary adjustment which results in the county receiving more actual subsidy than it did in the previous calendar year, the county shall be eligible for that increase only if the current level of spending is increased by a percentage equal to that increase within the same biennium.		
Subd. 5. Correctional Institutions . . .	31,246,700	31,296,700
Approved Complement—1143.5		
Current Expense		
\$6,673,300	\$6,730,600	
Salaries		
\$23,927,500	\$23,974,100	
Special Equipment		
\$212,800	\$176,900	
Repairs and Replacements		
\$433,100	\$415,100	

Any unexpended balances in special equipment and repairs and replacements remaining in the first year shall not cancel but shall be available for the second year of the biennium.

Notwithstanding any law to the contrary, effective July 1, 1979 and quarterly thereafter, the commissioner of corrections shall notify the commissioner of administration of the articles, supplies and services available from industrial activities conducted at state correctional institutions, and the commissioner of administration shall purchase from the state correctional institutions those articles, supplies and services needed by state departments and agencies, unless the commissioner of corrections shall certify that the correctional institutions cannot provide them at a price within five percent of the fair market price for comparable level of quality and within a

	1980	1981
	\$	\$
<p>reasonable delivery time. In determining the fair market price the commissioner of administration shall use competitive bidding or consider open market bid prices in previous years for similar products and services, plus inflationary increases.</p>		
<p>The commissioner of corrections shall collect a damage deposit from all staff who reside in housing on the grounds of the Thistledeew Corrections Camp at Togo, Minnesota and deposit the moneys in a savings account in a bank at interest. Withdrawals therefrom may be made to defray the cost of any damage to the residence caused by the tenant or to return the deposit to the tenant with accrued interest if the residence be vacated without damage. The commissioner shall keep accurate records in the name of each tenant so that the interest may be credited to the proper account.</p>		
<p>The commissioner of corrections shall study and determine the most appropriate location for women committed to the Minnesota Correctional Institution for Women. Such report shall be submitted by November 15, 1979, to the chairmen of the senate finance committee and house appropriations committee.</p>		
<p>Sec. 5. SENTENCING GUIDELINES COMMISSION</p>		
Salaries, Supplies and Expense	194,800	194,800
<p>The sentencing guidelines commission shall cease operations by July 1, 1983.</p>		
<p>Sec. 6. CORRECTIONS OMBUDSMAN</p>		
Salaries, Supplies and Expense	223,800	223,800
<p>Sec. 7. COMMISSIONER OF HEALTH</p>		
Total Department Appropriation	22,606,300	23,410,200
Total Department Approved Complement—1980:	320	
1981:		321

1980

1981

\$

\$

The amounts that may be expended from this appropriation for each program and the approved complement for each are as follows:

Preventive and Personal Health Services

Approved Complement—180.8

\$ 8,179,200 \$ 7,971,200

Any unexpended balance remaining in the first year for wells, soil and chemical analysis, shall not cancel, but shall be available for the second year.

Notwithstanding any law to the contrary, the fee the commissioner of health charges for medical laboratory services may increase up to \$3, to cover costs, effective July 1, 1979.

Funds shall not be denied under Minnesota Statutes 1978, Section 145.925, Subdivision 3 to any applicant that provides community services in a multi-service center located in a building, upon which actual construction was begun before June 1, 1979, adjacent to a school building, where no indoor access other than emergency exits exists between the two buildings, and where the only family planning services provided to minors are counseling services.

Health Systems Quality Assurance

Approved Complement—1980: 64.7

1981: 65.7

\$ 2,462,100 \$ 2,479,800

Of this appropriation \$269,700 for fiscal year 1980 and \$269,700 for fiscal year 1981 are appropriated from the trunk highway fund for emergency medical services activities.

Notwithstanding any law to the contrary, the commissioner of health shall use joint commission on accreditation of hospitals accreditation as evidence of licensure for all hospitals so accredited except where review of the summary report inspections

1980

1981

\$

\$

of the joint commission on accreditation of hospitals indicates a need for further inspections.

Notwithstanding any law to the contrary, the commissioner of health shall make grants to agencies which are publicly owned or nonproprietary operated by charitable organizations, for the purpose of converting hospitals having fewer than 40 acute care beds to nursing homes, provided that a certificate of need has been issued for the conversion. Such grants shall be only for those hospitals which convert 100 percent of their beds to nursing home beds. The grant shall be for up to 50 percent of the remodeling costs, not exceeding \$150,000 per facility. \$700,000 per year is appropriated for this purpose in the health systems quality assurance program. If any facility which receives a grant under this provision is sold, the seller shall return a portion of the grant amount to the state. The seller shall retain 10 percent of the grant amount for each year of operation under his continuous ownership. The state shall be entitled at the time of the sale to the remaining amount plus interest. Any unexpended balance remaining in the first year shall not cancel, but shall be available for the second year of the biennium.

Notwithstanding the provisions of sections 144A.01 to 144A.17, the commissioner of health shall routinely inspect nursing homes on a biennial basis to assure compliance with sections 144A.01 to 144A.17 and any rules promulgated thereunder. Nothing in this section may limit the ability of the commissioner to make nonroutine inspections of nursing homes, to inspect nursing homes for purposes of determining compliance with sections 144.651 and 144.652, to inspect nursing homes pursuant to complaints or to reinspect nursing homes to determine compliance with a correction order.

Health Support Services

Approved Complement—74.5

\$11,965,000

\$12,959,200

1980

1981

\$

\$

This appropriation includes \$25,000 each year of the biennium for grants to the migrant in action program located in St. Paul for the purpose of providing health care and referral services to migrant and ex-migrant agricultural workers.

As counties begin participating in the community health services act, the complement of the department shall be reduced by the number of positions transferred to the counties entering the act.

For the purposes of the community health services act, the commissioner of finance may authorize the transfer of money to the community health services activity from the other programs in this section.

If the appropriation for community health services or services to children with handicaps is insufficient for either year, the appropriation for the other year shall be available by direction of the governor after consulting with the legislative advisory commission.

Notwithstanding any law to the contrary, the formula for community health services act shall be increased by seven percent each year of the 1979-1981 biennium.

Sec. 8. HEALTH RELATED BOARDS

Subdivision 1. Board of Chiropractic Examiners	38,700	38,700
Subd. 2. Board of Dentistry	195,800	199,000
Subd. 3. Board of Medical Examiners.	299,100	299,100
Subd. 4. Board of Nursing.....	556,200	556,200
Subd. 5. Board of Examiners for Nursing Home Administrators	64,200	64,200

Notwithstanding the provision of section 144A.04, subdivision 5, a nonproprietary retirement home having less than 15 licensed nursing home beds may share the services of a licensed administrator with a nonproprietary nursing

	1980	1981
	\$	\$
home having less than 150 licensed nursing home beds which is located within 25 miles of the retirement home.		
Subd. 6. Board of Optometry	35,600	35,600
Subd. 7. Board of Pharmacy	224,400	224,400
Subd. 8. Board of Podiatry	5,400	5,400
Subd. 9. Board of Psychology	49,000	51,100
Subd. 10. Board of Veterinary Medicine	21,800	21,800

Subd. 11. The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of any money appropriated in this section in excess of the anticipated biennial revenues.

Effective July 1, 1979, this provision shall not apply to transfers from the general contingent account to pay for any legal and investigative services provided by the office of the attorney general or the services of the state office of hearing examiners when the costs of services rendered exceed the amount appropriated for these services; and provided the amount transferred does not exceed the amount of surplus revenue accumulated during the previous five years.

Sec. 9. CONTINGENT FOR STATE INSTITUTIONS 600,000

This appropriation shall be used for emergency purposes and for the purchase of food, clothing, drugs, utilities, and fuel for any of the institutions for which an appropriation is made in this act. No expenditure shall be made from this appropriation without the direction of the governor after consultation with the legislative advisory commission.

Any unexpended balance remaining in the first year shall not cancel but shall be available for the second year of the biennium.

The allowance for food may be adjusted annually according to the United States department of labor, bureau of labor

	1980	1981
	\$	\$
<p>statistics publication wholesale price index, upon approval of the governor. Adjustments shall be based on the June, 1979, wholesale food price index, but the adjustment shall be prorated if the wholesale food price index adjustment would require money in excess of this appropriation.</p>		

Sec. 10. CONTINGENT FOR HIGH SECURITY FACILITY 3,000,000

No expenditure shall be made from this appropriation without the direction of the governor after consultation with the legislative advisory commission.

Any unexpended balance remaining in the first year shall not cancel but shall be available for the second year.

Sec. 11. [RECEIPTS.] All funds, sums of money, or other resources provided or to be received as shown in the biennial budget document or in working papers of the two appropriations committees, including all receipts, collections, legislative allocations, transfers, and other income and receipts properly belonging to and to be used for financing activities, programs, and other projects other than the institutions now or hereafter under the supervision and jurisdiction of the commissioner of public welfare not otherwise specifically designated as income or credits to other state departments or funds by law, shall be credited to and become a part of the appropriations provided for in section 2, subdivisions 2, 3, and 4. Any such receipts in excess of those shown in the biennial budget shall not be available without the written approval of the governor who shall consult with the legislative advisory commission.

Sec. 12. [PROVISIONS.] Money appropriated under this act for the purchase of provisions within the item "current expense" shall be used solely for that purpose. The amounts appropriated for provisions are shown on the worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the offices of the commissioner of finance. Any money so provided and not used for purchase of provisions shall be cancelled into the fund from which appropriated, except that money so 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 after consultation with the legislative advisory commission.

Sec. 13. [TRANSFERS.] Subdivision 1. The commissioner of public welfare, the commissioner of corrections, the commissioner of economic security and the commissioner of health shall not transfer any money to or from personnel services, or claims and

grants, as shown on the official worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance, except for those transfers that have the written approval of the governor, who shall consult with the legislative advisory commission.

Subd. 2. The commissioner of public welfare and the commissioner of health by direction of the governor after consulting with the legislative advisory commission may transfer unobligated appropriation balances and positions among all programs.

Subd. 3. The commissioner of corrections may transfer appropriations and authorized positions among all subdivisions in the best interest of the security and rehabilitation programs and for more efficient utilization of personnel and facilities. Transfers shall be made with the written approval of the governor after consulting with the legislative advisory commission.

Sec. 14. [APPROVED COMPLEMENT.] The approved complements indicated in this act are fulltime equivalent positions and apply only to positions paid for with money appropriated by this act.

Additional employees over the number of the approved complement may be employed on the basis of public necessity or emergency with the written approval of the governor, but the governor shall not approve the additional personnel until he has consulted with the legislative advisory commission. Any requests for increases in the approved complement shall be forwarded to the appropriate committees on finance of the legislature not less than 30 days prior to the legislative advisory commission meeting.

Sec. 15. [FISCAL NOTES.] Notwithstanding any other law to the contrary, the departments of health, public welfare, economic security, corrections and the health related boards shall not put into effect any rule, regulation, or standard, which has a fiscal impact in excess of \$100,000 annually without first providing the house appropriations and the senate finance committees with fiscal notes.

Sec. 16. [COMPUTER SYSTEM DEVELOPMENT.] In all cases where an appropriation made in this act includes money for computer system development, development shall not proceed beyond PRIDE phase I until the project has been reviewed and approved by the commissioners of administration and finance. All approved projects shall be reported to the chairmen of the house appropriations committee and senate finance committee to receive their recommendation on the project. In the case of rejected projects, the commissioner of finance shall cancel the unencumbered balance of the appropriation allotted for development of the project.

Sec. 17. The appropriation for the employment and training program in the department of economic security, section 3, shall be available immediately.

Sec. 18. Minnesota Statutes 1978, Section 256B.44, Subdivision 2, is repealed."

Further, delete the title in its entirety and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for welfare, corrections, health, and other purposes with certain conditions; providing appropriations for the departments of public welfare, economic security, corrections, corrections ombudsman, health, health related boards; repealing Minnesota Statutes 1978, Section 256B.44, Subdivision 2."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Mary M. Forsythe, Al W. Wieser, Jr., Robert W. Reif, Paul McCarron, James I. Rice, Shirley A. Hokanson

Senate Conferees: (Signed) Roger D. Moe, George F. Perpich, Allan H. Spear, William G. Kirchner, Sam G. Solon

Mr. Moe moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1518 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1518: A bill for an act relating to the organization and operation of state government; appropriating money for welfare, corrections, health, and other purposes with certain conditions; providing appropriations for the departments of public welfare, economic security, corrections, corrections ombudsman, health, health related boards; repealing Minnesota Statutes 1978, Section 256B.44, Subdivision 2.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knoll	Perpich	Strand
Ashbach	Frederick	Knutson	Peterson	Stumpf
Bang	Gearty	Laufenburger	Pillsbury	Tennessee
Benedict	Gunderson	Luther	Purfeerst	Ueland, A.
Bernhagen	Hanson	McCutcheon	Renneke	Ulland, J.
Brataas	Humphrey	Menning	Rued	Vega
Chenoweth	Jensen	Merriam	Schaaf	Wegener
Chmielewski	Johnson	Moe	Sikorski	Willet
Coleman	Keefe, J.	Ogdahl	Sillers	
Davies	Kirchner	Olhoft	Spear	
Dieterich	Kleinbaum	Olson	Staples	
Dunn	Knaak	Penny	Stokowski	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1526 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 1526: A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes with certain conditions, including the department of education, aids to libraries, higher education coordinating board, state universities, community colleges, and the university of Minnesota and its hospitals; amending Minnesota Statutes 1978, Sections 120.81, Subdivision 2; and 124.572, by adding a subdivision.

House File No. 1526 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1526

A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes with certain conditions, including the department of education, aids to libraries, higher education coordinating board, state universities, community colleges, and the university of Minnesota and its hospitals; amending Minnesota Statutes 1978, Sections 120.81, Subdivision 2; and 124.572, by adding a subdivision.

May 19, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1526, report that we have agreed upon the items in dispute and recommend as follows:

Delete everything after the enacting clause and insert:

“Section 1. [EDUCATION; APPROPRIATIONS.] The sums set forth in the columns designated “APPROPRIATIONS” are appropriated from the general fund, or any other fund designated, to the agencies and for the purposes specified in the following sections of this act, to be available for the fiscal year indicated for each purpose. The figures “1979”, “1980”, and “1981”, wherever used in this act, mean that the appropriation or appropriations listed thereunder or therefor shall be available for the year ending June 30, 1979, June 30, 1980, or June 30, 1981, respectively.

SUMMARY BY FUND

	1979	1980	1981	TOTAL
General		\$397,246,964	\$403,036,924	\$800,283,888
Tr. Hwy.		15,700	15,700	31,400
Prm. Univ.		2,500,000	2,500,000	5,000,000
Total		399,762,664	405,552,624	805,315,288

**APPROPRIATIONS
Available for the Year
Ending June 30,**

1980 1981

Sec. 2. DEPARTMENT OF EDUCATION

Subdivision 1. General Operations and Management \$22,896,400 \$21,647,000

Approved Complement

State— 551.7 548.7
Federal— 216.7 215.7

The amounts that may be expended from this appropriation for each program and activity are more specifically described in the following subdivisions of this section.

Subd. 2. Special and Compensatory Education 5,553,600 5,322,000

Of this appropriation, \$650,000 in the first year, and \$600,000 in the second year is for Indian scholarships. Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.

\$109,300 the first year is for repair and purchase of equipment at the Minnesota School for the Deaf and the Minnesota Braille and Sight-Saving School. Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 3. Vocational Technical Instruction 3,438,900 2,651,000

(a) \$275,000 the first year is for the Minnesota instructional materials center.

(b) \$168,800 the first year is for the vocational student organization center.

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(c) \$201,100 the first year is for area agricultural coordinators.

(d) \$150,000 the first year is for the statewide curriculum articulation center.

(e) The amounts in (a), (b), (c), and (d) shall be spent pursuant to agreements between the state board of education and the recipients. The agreements are not subject to the contract approval procedures of the commissioner of administration.

Until June 30, 1980, the recipient may charge fees to users of these services designed to cover the cost to the recipient of duplication and distribution, plus ten percent.

Before January 15, 1980, the department of education shall provide a report to the appropriate committees of the legislature in regard to the activities of each of these services and make recommendations regarding the future need for these services, possibilities for alternative funding, and alternative methods of administration.

(f) Federal money received for state vocational education programs pursuant to the Vocational Education Act of 1963, Section 120, and required to be used for vocational education of the disadvantaged and handicapped shall be used only for grants and not for state administrative costs. This does not limit the use of grant money by a school district for its own administrative costs if otherwise permitted by federal law. The remainder of section 120 money not required to be used for eliminating sex bias in vocational education shall be used for grants for post-secondary vocational categorical aid.

Subd. 4. Special Services	1,720,200	1,727,200
Subd. 5. Instructional Services	1,321,700	1,321,700

Of the amounts provided by this subdivision, \$15,700 in 1980 and \$15,700 in 1981 are from the trunk highway fund.

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The department of education is authorized to apply for and receive federal money for the career education program. The department of education shall not increase its expenditure of state money or its state complement involved in career education programs above the level of the spending and complement in fiscal year 1979. The department of education shall not apply for federal career education money if the application will require an appropriation of state money at any time in the future. The department of education shall present no budget requests for state appropriations for this program in future sessions.

Subd. 6. School Management Services

8,694,900

8,477,600

The commissioner of education with the approval of the commissioner of finance may transfer appropriations from other programs to the school management services program to support up to four positions, which may be transferred to this program during the biennium. All transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

(a) Salaries, Supplies, and Expenses

\$2,985,300

\$2,912,300

\$678,100 the first year and \$619,100 the second year is for continued development of the department's management information system. Any unencumbered balance remaining for this purpose in the first year does not cancel but is available for the second year of the biennium.

The department of education and the Minnesota educational computing consortium shall investigate ways to reduce the need for centralized user services for instructional computing and submit a report to the legislature by December 1, 1980.

(b) Claims, Grants, and Shared Revenue

\$5,709,600

\$5,565,300

1980

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\$

(1) \$3,740,000 in 1980 and \$1,510,000 in 1981 is for conversion aids, regional support aids, and regional telecommunications aids for regional management information centers.

(2) The following amounts are appropriated from the general fund to a contingent account to be available for expenditure with the approval of the governor after consultation with the legislative advisory commission, using the procedures of Minnesota Statutes, Section 3.30:

\$300,000 in 1980 is for conversion aids for regional management information centers, to be used for the additional costs of converting to the regional management information system;

\$400,000 in 1980 is for additional regional support aids; and \$2,600,000 in 1981 is for regional support aids and shall be expended only after the legislature has reviewed the formation, structure and functions of the regional management information centers and has determined procedures for providing support grants for regional management information centers for fiscal year 1981.

(3) \$1,169,600 in 1980 and \$1,355,300 in 1981 is for instructional timesharing telecommunications costs.

(4) \$100,000 each year is for the department of education and the Minnesota educational computing consortium to conduct pilot programs to encourage school districts to purchase or use microcomputers that are not connected to the central timesharing computer via the telecommunications network, but that communicate with MECC via the U.S. Postal Service, courier services, or other low-cost communication methods. The department of education and MECC shall investigate methods to reduce the need for a communication subsidy for instructional timesharing and submit a report to the legislature on the methods

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and on the results of the pilot projects with microcomputers by December 1, 1980.

(5) The department of education in consultation with MECC shall submit to the chairman of the house appropriations committee and the chairman of the senate finance committee by July 15 and December 31 of each year a progress report, proposed plans, and expenditures.

(6) Any unexpended balance remaining in (b) in the first year does not cancel but is available for the second year of the biennium.

Subd. 7. Auxiliary and General Support Services	2,167,100	2,147,500
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Subd. 8. Federal money received for strengthening state education agencies pursuant to the Elementary and Secondary Education Act of 1965, Title 4C, as amended, or pursuant to the Education Amendments of 1978, Section 404, Paragraph (a), Clause (9), or Title 5, Part B, shall be spent only for the activities and approved complement positions shown in the allocation plan for Title 4C money as approved by the conferees of the senate and house of representatives. The amounts available for expenditure for each activity are those shown in the allocation plan. Amounts necessary to support approved complement positions shown in the allocation plan may be added to or transferred among those activities by the commissioner of education, with the approval of the commissioner of finance and with notification to the committee on finance of the senate and the committee on appropriations of the house of representatives. Any other transfers or additions may be made only by the governor after consultation with the legislative advisory commission.

Subd. 9. It is the intent of the legislature that the department of education be allowed to transfer money among the

	1980	1981
	\$	\$
various object of expenditure categories and activities within each program.		
Subd. 10. The department of education shall not use any federal or other money for the purpose of continuing any positions that have been deleted from the department's complement as shown on official conference committee work papers.		
Sec. 3. HIGHER EDUCATION CO-ORDINATING BOARD		
Subdivision 1. General Operations and Management		
	44,478,800	45,833,900
The amounts that may be expended from this appropriation for each purpose are more specifically described in the following subdivisions of this section.		
Subd. 2. Salaries and Expenses.....		
	1,657,500	1,871,000
This appropriation includes sufficient state money to offset anticipated loss of federal money in the policy planning and research activities. If any federal money becomes available for this activity, an equal amount of state money shall cancel to the general fund.		
This appropriation includes money for the administration of the state students assistance programs, program planning and coordination, policy planning and research, and agency management services.		
Subd. 3. State Scholarship, Nurses Scholarship and State Grant-In-Aid....		
	22,200,000	23,152,000
Subd. 4. Part Time Student Subsidy..		
	375,000	375,000
Subd. 5. Special Assistance		
	47,000	47,000
The University of Minnesota is not eligible to receive money from this appropriation.		
Subd. 6. Interstate Tuition Reciprocity		
	10,075,500	9,363,000
Subd. 7. State Work Study.....		
	2,600,000	3,600,000
Subd. 8. Medical Student Loans.....		
	143,500	153,000
Subd. 9. AVTI Tuition Subsidy.....		
	1,792,500	1,792,500

	1980	1981
	\$	\$
Subd. 10. Private College Contracts . .	4,630,000	4,630,000
<p>Any private educational institution that holds classes or other scheduled educational activities on evenings of precinct caucuses as defined by Minnesota Statutes, Chapter 202A is ineligible to receive money from this appropriation.</p>		
Subd. 11. Regional Coordination and Service	234,200	234,200
Subd. 12. Minitex Library Program . .	475,000	515,000
Subd. 13. Southwest and West Central Consortium	53,600	56,200

No additional funding shall be available for the above program beyond June 30, 1981. A report of the activities and accomplishments of the consortium shall be submitted to the legislature by January 1, 1981.

Subd. 14. Federal Small Business Institutes - State Matching	45,000	45,000
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The higher education coordinating board shall provide matching grants to colleges and universities in Minnesota that receive grants under the small business management assistance program of the federal Small Business Administration, as authorized by Pub. L. 85-536, as amended, Sections 2, 8 and 9; Pub. L. 88-452, as amended, Sections 401, 402, 406, and 407; or any other federal law.

Subd. 15. Minnesota Occupational Information System	150,000	
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The higher education coordinating board shall prepare and submit to the appropriate legislative committees by January 15, 1980 an evaluation report dealing with the present operations, funding requirements, effectiveness, and demonstrated need for the continuation of the Minnesota occupational information system.

Subd. 16. Any unexpended balances in this section, except subdivisions 2, 8, and 15 remaining in the first year do not can-

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cel but are available for the second year of the biennium.

Subd. 17. The higher education coordinating board shall conduct a study to determine the need for and availability of training programs in Minnesota and neighboring states for personnel who work with individuals having vision, hearing, and deaf-blind disabilities. The board shall assess the need for additional training programs and identify feasible delivery options including contracting with institutions in other states. The results and recommendations shall be submitted to the legislature by December 30, 1979.

Subd. 18. The higher education coordinating board shall conduct a study of the salaries and fringe benefits of unclassified professional employees in public and private post secondary education in Minnesota. The study shall examine existing compensation patterns in each system and institution as related to sex, rank, length of service, term of employment, professional preparation, and conditions of employment specified in any collective bargaining agreements. The study shall relate compensation to total educational costs, including, but not limited to long range enrollment projections, faculty student ratios, and the geographic distribution of institutional and faculty resources. The study shall also examine the policy of the institution in regard to the amount of earned income and the amount of time devoted to outside employment of unclassified employees in public post secondary education.

A report on the study shall be made to the legislature by July 1, 1980.

Subd. 19. The higher education coordinating board shall employ one staff member for the purpose of working with the Latino-Chicano Spanish communities in Minnesota in cooperation with the Spanish American Board with the aim

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of increasing and enhancing their participation in postsecondary education.

This shall include, but not be limited to (1) increasing the knowledge of opportunities for postsecondary education, (2) exploring ways to facilitate more effective recruitment and admissions, (3) improving the retention and success of the students and (4) expediting access to financial and other assistance.

The coordinating board shall also study present conditions affecting the participation and retention of Latino-Chicano students in postsecondary education and make recommendations designed to more effectively meet their needs. A report of the findings shall be submitted to the legislature by January 5, 1981.

The appropriation in subdivision 2 includes \$30,000 each year for this purpose.

Subd. 20. In view of declining enrollments in some community colleges, the higher education coordinating board with the assistance of the state board for community colleges, shall conduct a study of, and make recommendations in regard to, the advisability of (1) discontinuance, or reduction of programs, activities, and services, (2) closing of colleges, (3) consolidation or merger, or both, of community colleges, (4) merger of community colleges with other post secondary institutions, and (5) other appropriate alternatives.

A report of the study shall be transmitted to the house appropriations committee and senate finance committee by January 6, 1981.

Sec. 4. STATE UNIVERSITY BOARD

Subdivision 1. General Operations and Management	75,040,160	76,563,255
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The amounts that may be expended from this appropriation for each purpose are more specifically described in the following subdivisions of this section.

	1980	1981
	\$	\$
Subd. 2. Maintenance and Equip- ment	72,732,460	75,005,555

Within the money appropriated for this purpose by the 71st legislature, the commissioner of personnel and the state university board may implement those provisions of the collective bargaining agreements negotiated with the authorized employee representatives that establish wages and economic fringe benefits.

The provisions of collective bargaining agreements establishing severance pay are approved notwithstanding the provisions of Minnesota Statutes, Section 43.17.

The amounts appropriated in subdivisions 2 and 3 include a sum in each year for recruitment of unclassified staff.

Notwithstanding any other law to the contrary, until June 30, 1981 the state university board may purchase insurance coverage as it deems necessary and appropriate for activities ancillary to the programs of the state universities.

Subd. 3. State University Board Con- tingent	750,000	
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Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.

This appropriation shall be expended with the approval of the governor after consultation with the legislative advisory commission as provided by Minnesota Statutes, Section 3.30.

Subd. 4. Federal Student Loans - State Matching	175,000	175,000
Subd. 5. Federal Work Study - State Matching	518,000	518,000

Any unexpended balances in subdivisions 4 and 5 remaining in the first year do not cancel but are available for the second year of the biennium. If the amounts appropriated in subdivision 5 are insufficient to fully match federal money

	1980	1981
	\$	\$
Subd. 6. Repairs and Betterments . . .	864,700	864,700

available, the state university board may transfer money from the appropriations in subdivisions 1 or 3 to this program. No portion of the appropriation shall be used to defray obligations incurred prior to July 1, 1979.

Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.

The state university board, with the concurrence of the commissioner of finance and the chairmen of the senate finance and house appropriations committees, may transfer excess fuel and utility money appropriated in subdivision 2 to the repair and betterment account to fund energy conservation related building repairs and improvements.

Subd. 7. Notwithstanding the provisions of Minnesota Statutes, Chapters 15A and 43, the state university board may establish executive salaries within the state university system in accordance with a management compensation plan based on the level of responsibility and authority of various positions as well as appropriate market comparisons with similar positions in comparable public colleges and universities in the midwest.

The salary of the chancellor is the upper limit of compensation for all other positions in the state university system.

The state university board shall survey compensation levels in comparable public colleges and universities in the midwest during the 1979-81 biennium and report necessary adjustments in the above level of compensation to the governor and legislature as part of its 1981-83 biennial budget request.

Sub. 8. A report shall be submitted to the 72nd session of the legislature on the use of all money exempt from budgetary control by the commissioner of

1980

1981

\$

\$

finance pursuant to Minnesota Statutes, Sections 136.11, Subdivision 5; 136.144; and 136.37.

Sec. 5. STATE COMMUNITY COLLEGE BOARD

Subdivision 1. General Operations and Management	35,668,371	36,673,186
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The amounts that may be expended from this appropriation for each purpose are more specifically described in the following subdivisions of this section.

Subd. 2. Operations and Maintenance.	33,958,471	35,688,286
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This appropriation is for maintenance and equipment of the state community college board and the state community colleges. The state community colleges are encouraged to use off-campus courses to extend the benefits of this appropriation to as many Minnesota residents as possible.

Notwithstanding any other law to the contrary, the community college board may purchase insurance coverage as it deems necessary and appropriate for activities ancillary to the programs of the state community colleges.

Subd. 3. Program Development.....	300,000	
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Prior to use of this appropriation the chancellor of the community college system shall submit the proposed program and expenditures for review by the chairmen of the house appropriations and senate finance committees.

Subd. 4. Learning Centers.....	225,300	225,300
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The board may establish one or more additional learning centers and survey the need for and suggested sites for additional learning centers.

The board shall report to the committee on finance of the senate and the committee on appropriations of the house of representatives by March 1, 1980 for the first year and January 1, 1981 for the

	1980	1981
	\$	\$
second year on the use of the money in this appropriation.		
Subd. 5. Federal Student Loan—State Matching	70,000	70,000
Subd. 6. Federal Work Study State Matching	291,500	291,500

If the amounts appropriated are insufficient to fully match federal money available, the community college board may transfer money available from the appropriation in subdivision 2 to this program.

Subd. 7. State Community College Board Contingent	300,000	
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This appropriation shall be expended with the approval of the governor after consultation with the legislative advisory commission, as provided by Minnesota Statutes, Section 3.30.

Subd. 8. Repairs and Betterments	398,100	398,100
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Any unexpended balances in this section, except subdivision 2, remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 9. Special Assessments	125,000	
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Sec. 6. UNIVERSITY OF MINNESOTA	220,278,333	223,298,983
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The amounts that may be expended from this appropriation for each purpose are more specifically described in the following three sections of this act.

Sec. 7. UNIVERSITY OF MINNESOTA: GENERAL

Subdivision 1. Operations and Maintenance	173,846,759	177,625,220
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These appropriations are made from:

(a) Income derived from investment of the permanent university fund, which is appropriated to the university as provided in Minnesota Statutes, Section 137.022. It is estimated that this income will not exceed \$2,500,000 for the first

1980

1981

\$

\$

year and \$2,500,000 for the second year; and

(b) The general fund. It is estimated that the amount required from the general fund will be at least \$171,346,759 for the first year and \$175,125,220 for the second year.

The university is authorized to retain two and one-half percent of the indirect cost recoveries and this amount shall be expended to improve its ability to attract non-state money. A report on the expenditures of this money with an analysis of apparent results shall accompany the university's annual report on expenditure of excess receipts.

On October 1, 1980 and 1981 the president of the university of Minnesota shall furnish the house appropriations and senate finance committees and the commissioner of finance the following information:

- (1) The total amount of receipts during the fiscal year 1980 from all sources in excess of \$76,350,000 and during the fiscal year 1981 from all sources in excess of \$81,800,000;
- (2) The sources of these receipts; and
- (3) The purposes for which any excess receipts were expended and accounts to which transferred.

The board of regents shall certify to the commissioner of finance at the end of each quarter the amount of earnings derived from the investment of the permanent university fund.

If this income during any fiscal year exceeds the amounts stated in (a) above, the amount payable from the general fund is reduced accordingly.

State appropriations for fellowship programs shall cancel if replacement federal money becomes available during the 1979-1981 biennium.

	1980	1981
	\$	\$

In preparing the university's legislative budget request for the 1981-1983 biennium, all projected income from student tuition shall be based on a charge per credit hour schedule.

This appropriation provides necessary funding for the development of an automated student registration system, which shall be completed and in operation systemwide by the beginning of fall quarter 1981.

This appropriation includes money to provide direct support services to handicapped students.

Any excess money in the above appropriation resulting from delayed completion or occupancy of new space as projected in the budget document is cancelled to the general fund.

The university shall take necessary steps to reduce the amount of leased space and to discontinue leasing inefficient space. A report detailing the steps taken and results achieved, including projected energy savings, shall be submitted to the chairmen of house appropriations and senate finance committees by January 1, 1981.

The university shall continue to take the necessary steps to insure faculty salary equalization among the twin cities and coordinate campuses and submit a progress report to the legislature by January 15, 1981.

The university shall submit by January 1, 1981 a report to the chairman of the house appropriations committee and the chairman of the senate finance committee detailing the increased level of grants, contracts, other non-state support, and indirect cost recoveries as a result of an increased travel budget.

Subd. 2. Equipment Replacement . . .	750,000	750,000
Subd. 3. Student Loans—State Matching	250,000	250,000
Subd. 4. Disadvantaged Students . . .	350,000	350,000

	1980	1981
	\$	\$

This appropriation shall be used for providing counseling, tutorial, and other direct services to disadvantaged students.

Subd. 5. Library Supplement.	1,644,900	1,706,400
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Subd. 6. Intercollegiate Athletics. . . .	1,158,577	1,427,298
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The regents shall develop a plan for a unified department of intercollegiate athletics on the twin cities campus. The legal and fiscal implications of the plan shall be submitted to the chairmen of the house appropriations committee and the senate finance committee by September 1, 1980.

Subd. 7. Summer School Tuition and Continuing Education Supplement. . . .	1,052,000	1,052,000
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The board of regents shall expend this money to equalize tuition rates among undergraduate students for regular session, summer session, and extension programs in order to facilitate to the maximum the use of campus units, buildings, and staff.

Subd. 8. Family Practice and Graduate Residency Program.	3,419,200	3,419,200
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All hospitals receiving any portion of this appropriation shall furnish the house appropriations and senate finance committees with a full report by March 1, 1980 on all actual and reasonable costs resulting from graduate family practice residency education, and all fees and income to the hospital generated by the graduate residents in family practice and the purposes for which this money was expended. Expenditures from this appropriation shall be made only for activities directly related to the training of doctors in family practice.

Subd. 9. Medical Services and Instruction	1,440,000	1,465,000
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This appropriation includes money for the rural health physicians' associate program, drug abuse information and education, and public health and nurse clinician generalist program.

	1980	1981
	\$	\$
Subd. 10. Health Sciences Contingent	2,425,000	
<p>Portions or all of the above appropriation are available upon submission of required documentation that federal health sciences capitation money has been reduced or phased out. Replacement of any capitation grant losses or reductions shall be computed by using the fiscal year 1976 level as the base year. The replacement will be adjusted to reflect faculty and civil service salary increases granted to the university for the 1979-1981 biennium. All requests shall be reviewed by the chairmen of the house appropriations and senate finance committees whose recommendations are advisory only. Failure to make a recommendation promptly is deemed a negative recommendation.</p>		
Subd. 11. Duluth Campus		
(a) Basic Sciences Program for Medical Training	2,267,600	2,267,600
(b) Dental Hygiene Program	230,000	230,000
(c) Graduate School of Social Work	438,100	438,100
<p>Sec. 8. UNIVERSITY OF MINNESOTA: RESEARCH</p>		
Subdivision 1. General Research	1,750,000	1,750,000
<p>This appropriation is, as the board of regents may direct, for general research, business and economic research including Duluth, training for careers in fire prevention and protection, center for urban and regional affairs, museum of natural history, and juvenile justice seminar.</p>		
Subd. 2. Mineral Resource Research Center	300,000	300,000
Subd. 3. General Agricultural Research	7,584,500	7,584,500
<p>This appropriation includes money for research on aquatic plants (including wild rice), soybeans, avian disease, swine disease, corn improvement and irrigation.</p>		
Subd. 4. Hormel Institute—Austin	129,400	129,400

	1980	1981
	\$	\$
To support the operation of the institute and to promote research by the institute.		
Subd. 5. Medical Research.....	1,486,000	1,516,000
Subd. 6. Veterinary Diagnostic Laboratory and Teaching Hospital.....	850,000	850,000
Subd. 7. Geological Survey.....	501,000	501,000
Subd. 8. Lake Superior Basin Studies.	67,500	67,500
Subd. 9. Sea Grant.....	100,000	100,000
Subd. 10. Freshwater Biological Research Institute	224,200	224,200
Sec. 9. UNIVERSITY OF MINNESOTA: COMMUNITY SERVICES		
Subdivision 1. Agricultural Extension Service	7,065,690	7,065,690
This appropriation includes money for agriculture extension work, county agricultural agents, home demonstration and 4-H club work, and soil conservation. Any salary increases granted by the university to personnel paid from this appropriation shall not result in a reduction of the county portion of the salary payments.		
This appropriation includes money each year for the potato and sugar beet extension program in the Red River Valley, contingent on an equal amount being provided by the state of North Dakota.		
Subd. 2. For State's Share of Expenses of County Indigent Patients.....	2,000,000	2,000,000
Subd. 3. Special Hospitals, Community Service, and Educational Offset.....	6,466,300	6,466,300
Fees for service furnished to counties and individuals under this program shall be sought to augment the money appropriated; the fees are appropriated to the university hospitals, to be available until June 30, 1981.		
Subd. 4. University Galleries.....	45,000	45,000
Subd. 5. Industrial Relations Education Program	460,900	460,900

	1980	1981
	\$	\$
Subd. 6. Civil Service Base Adjustment	137,100	137,100
Subd. 7. Faculty Equity Adjustment ..	500,000	500,000
Subd. 8. Faculty Salary Increase	1,021,083	2,113,641
Subd. 9. Faculty Fringe Increase	317,524	506,934

The appropriations in section 7, subdivisions 2, 5, 8, and 11 paragraphs (a), (b), and (c); section 8, the veterinary medicine teaching hospital portion of subdivision 6, subdivision 10; and section 9, subdivision 4 shall be merged with the general operations and maintenance appropriation in fiscal years 1980 and 1981.

Notwithstanding any other law to the contrary, prior to preparing the 1981-1983 biennial budget request the university of Minnesota and the department of finance in cooperation with the staff of the house appropriations and senate finance committees shall develop improvements to the budget format. A progress report shall be submitted to the chairman of the house appropriations committee and the chairman of senate finance committee by January 15, 1980.

Sec. 10. MAYO MEDICAL

Subdivision 1. Medical School	1,304,600	1,392,300
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The state of Minnesota shall pay a capitation of \$8,640 in fiscal year 1980 and \$9,160 in fiscal year 1981 for each student who is a resident of Minnesota for a maximum of 40 such students in each class.

Subd. 2. Family Practice and Graduate Residency Program	96,000	144,000
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The state of Minnesota shall pay capitation of \$12,000 each for eight students in fiscal year 1980 and twelve students in fiscal year 1981.

Sec. 11. Minnesota Statutes 1978, Section 120.81, Subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of subdivision 1, the consortium is authorized to maintain a revolving fund for all receipts derived from computer services provided by the consortium

and further provided that . The Minnesota educational computing consortium shall charge users of consortium facilities for on-line computer time actually used. Receipts shall be deposited in the Minnesota educational computing consortium revolving fund and are appropriated to the consortium. The consortium board ~~may establish one management position~~ shall appoint an executive director who shall be its chief administrative officer. The executive director may be in the unclassified service. All other employees are in the classified service of the state.

Sec. 12. [120.83] [PURCHASE OF ANNUITIES FOR EMPLOYEES.] Subdivision 1. At the request of an employee, the consortium board may negotiate and purchase an individual annuity contract from a company licensed to do business in the state of Minnesota for an employee for retirement or other purposes and may allocate a portion of the compensation otherwise payable to the employee as salary for the purpose of paying the entire premium due or to become due under such contract. The allocation shall be made in a manner which will qualify the annuity premiums, or a portion thereof, for the benefit afforded under section 403(b) of the current federal internal revenue code or any equivalent provision of subsequent federal income tax law. The employee shall own such contract and his rights thereunder shall be nonforfeitable except for failure to pay premiums.

Subd. 2. All amounts so allocated shall be deposited in an annuity account, which is established in the state treasury. There is annually appropriated from the annuity account in the state treasury to the board all moneys deposited therein for the payment of annuity premiums when due or for other application in accordance with the salary agreement entered into between the employee and the board. The moneys in the annuity account in the state treasury are not subject to the budget, allotment, and encumbrance system provided for in chapter 16, and any act amendatory thereof.

Sec. 13. [EMPLOYEES TRANSFERRED.] On July 1, 1979, all employees of the Minnesota educational computing consortium shall be transferred without competitive examination to the classified civil service of the state. Positions and employees shall be placed in the proper classifications by the commissioner of personnel with compensation as those classifications carry. Employees above the maximum rate for their classifications shall receive no further salary increases, except for cost-of-living adjustments and those increases authorized by Minnesota Statutes, Section 43.122, Subdivision 1, until their salary rate falls within the range for their classification.

Incumbents of transferred positions shall receive the status and length of service credit that would have accrued to them had they originally been appointed to the classified civil service; however, the length of service shall not include seniority under the provisions of a collective bargaining agreement negotiated pursuant to sections 179.61 to 179.77, until the effective date of classified civil service status. All of the employees' accrued vacation and sick

leave shall be transferred to their credit, provided that in no event shall the amount transferred exceed state limitations for classified employees. The position of executive director may be converted to the unclassified service by the consortium board upon notice to the commissioner of personnel.

Sec. 14. Minnesota Statutes 1978, Section 123.38, Subdivision 3, is amended to read:

Subd. 3. The board may enter into a contract providing for the payment of cash benefits or the rendering or payment of hospital and medical benefits, or both to school children injured while participating in activities of the school, such contract to make the payment of such benefits or the rendering thereof the direct and sole obligation of the association or company entering into such contract with the district.

If the board deems it advisable, it may authorize employees to collect fees from the pupils enrolled in said school who are to be or are covered by such contract, and to make payment of the premium or other charge for such contract or protection. The payment of such premium or other charge may be made from funds received from the federal government or from the state or any governmental subdivision thereof, or from funds derived by a tax levy or the issuance of bonds.

The payment of any fees, premium or other charge by such child shall not thereby make the district liable for any injuries incurred from such school activities.

The state board of education may purchase medical insurance coverage for the benefit of students of the school for the deaf or the braille and sight-saving school in the same manner and with the same effect as a school district board may do for its students under this subdivision.

Sec. 15. Minnesota Statutes 1978, Section 124.572, is amended by adding a subdivision to read:

Subd. 10. State money shall not be used to pay for more than 75 percent of the independent telephone communications training program and the Minnesota electric cooperative linepersons training program. The appropriate industry or association shall pay at least 25 percent of the cost of each program.

Sec. 16. [124.625] [VETERANS TRAINING.] *The state board of education shall continue the veterans training program. All receipts to the veterans training revolving fund for the veterans training program are appropriated to the state board to pay the necessary expenses of operation of the program. The state board shall act as the state agency for approving educational institutions for purposes of 38 U.S.C. Chapter 36, relating to educational benefits for veterans and other persons. The state board may adopt rules to fulfill its obligations as the state approving agency. All federal money received for purposes of the veterans training program shall be deposited in the veterans*

training revolving fund and is appropriated to the state board for those purposes.

Sec. 17. [PRIOR LAWS SUPERSEDED.] *The provisions of the preceding section supersede and replace the provisions of Laws 1947, Chapter 599, Section 7, Clause 8, and Laws 1977, Chapter 449, Section 2, Subdivision 2, Clause (b), relating to the revolving fund for on the job training.*

Sec. 18. [REPEALER.] *Minnesota Statutes 1978, Section 197.78, Subdivision 2, is repealed.*

Sec. 19. *It is recommended that the education committees of the senate and the house review the creation of a center for older adult learners and make recommendations to the 1980 legislature."*

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes, including the department of education, higher education coordinating board, state universities, community colleges, and the university of Minnesota and its hospitals, with certain conditions; amending Minnesota Statutes 1978, Sections 120.81, Subdivision 2; 123.38, Subdivision 3; and 124.572, by adding a subdivision; repealing Minnesota Statutes 1978, Section 197.78, Subdivision 2."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Wendell O. Erickson, William D. Dean, John L. Weaver, Michael R. Sieben, James C. Swanson, James P. Metzen

Senate Conferees: (Signed) Roger D. Moe, Robert J. Tennesen, Peter P. Stumpf, Harmon T. Ogdahl, Earl W. Renneke

Mr. Moe moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1526 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1526: A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes, including the department of education, higher education coordinating board, state universities, community colleges, and the university of Minnesota and its hospitals, with certain conditions; amending Minnesota Statutes 1978, Sections 120.81, Subdivision 2; 123.38, Subdivision 3; and 124.572, by adding a subdivision; repealing Minnesota Statutes 1978, Section 197.78, Subdivision 2.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Knutson	Perpich	Solon
Ashbach	Hanson	Laufenburger	Peterson	Spear
Bernhagen	Hughes	Lessard	Pillsbury	Staples
Brataas	Jensen	Luther	Purfeerst	Stokowski
Chenoweth	Johnson	McCutcheon	Renneke	Strand
Chmielewski	Keefe, J.	Merriam	Rued	Stumpf
Davies	Keefe, S.	Moe	Schaaf	Ueland, A.
Dieterich	Kirchner	Nelson	Setzepfandt	Uiland, J.
Dunn	Kleinbaum	Ogdahl	Sieloff	Vega
Engler	Knaak	Olhoft	Sikorski	Willet
Frederick	Knoll	Penny	Sillers	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 738 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 738 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 738

A bill for an act relating to the collection and dissemination of data; classifying data; clarifying information practices; extending the period of time during which the emergency classifications of data may be made; defining terms; clarifying the duties of the responsible authority; providing remedies; prescribing penalties; amending Minnesota Statutes 1978, Sections 15.1642, Subdivisions 3 and 5; and 15.165; and Chapter 15, by adding sections; repealing Minnesota Statutes 1978, Sections 15.162; 15.163; 15.1641; 15.1642, Subdivision 4; 15.166; 15.167; 15.1671; 15.169; and 15.17, Subdivision 4.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 738, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 738 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1611] [GOVERNMENT DATA.] *Subdivision 1. All state agencies, political subdivisions and statewide systems shall be governed by sections 15.1611 to 15.1698.*

Subd. 2. Sections 15.1611 to 15.1698 may be cited as the “Minnesota government data practices act.”

Sec. 2. Minnesota Statutes 1978, Section 15.162, Subdivision 1, is amended to read:

15.162 [COLLECTION, SECURITY AND DISSEMINATION OF RECORDS; DEFINITIONS.] Subdivision 1. As used in sections ~~15.162 to 15.1674~~ *15.1611 to 15.1698*, the terms defined in this section have the meanings given them.

Sec. 3. Minnesota Statutes 1978, Section 15.162, Subdivision 2a, is amended to read:

Subd. 2a. “Confidential data on individuals” means data which is: (a) made not public by statute or federal law applicable to the data and is inaccessible to the individual subject of that data; or (b) collected by a civil or criminal investigative agency as part of an active investigation undertaken for the purpose of the commencement of a legal action, provided that the burden of proof as to whether such investigation is active or in anticipation of a legal action is upon the agency. Confidential data on individuals does not include arrest information that is reasonably contemporaneous with an arrest or incarceration. The provision of clause (b) shall terminate and cease to have force and effect with regard to the state agencies, political subdivisions, statewide systems, covered by the ruling, upon the granting or refusal to grant an emergency *a temporary* classification pursuant to section 15.1642 of both criminal and civil investigative data, or on July 31, ~~1979~~ *1980*, whichever occurs first.

Sec. 4. Minnesota Statutes 1978, Section 15.162, Subdivision 6, is amended to read:

Subd. 6. “Responsible authority” in a state agency or statewide system means the state official designated by law or by the commissioner as the individual responsible for the collection, use and dissemination of any set of data on individuals, *government data*, or summary data. “Responsible authority” in any political subdivision means the individual designated by the governing body of that political subdivision as the individual responsible for the collection, use, and dissemination of any set of data on individuals, *government data*, or summary data, unless otherwise provided by state law.

Sec. 4A. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:

Subd. 10. "Designee" means any person designated by a responsible authority to be in charge of individual files or systems containing government data and to receive and comply with requests for government data.

Sec. 5. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:

Subd. 11. "Government data" means all data collected, created, received, maintained or disseminated by any state agency, political subdivision, or statewide system regardless of its physical form, storage media or conditions of use.

Sec. 6. Minnesota Statutes 1978, Section 15.162, is amended by adding a subdivision to read:

Subd. 12. "Person" means any individual, partnership, corporation, association, business trust, or a legal representative of an organization.

Sec. 7. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1621] [ACCESS TO GOVERNMENT DATA.] *Subdivision 1. [PUBLIC DATA.] All government data collected, created, received, maintained or disseminated by a state agency, political subdivision, or statewide system shall be public unless classified by statute, or temporary classification pursuant to section 15.1642, or federal law, as not public, or with respect to data on individuals, as private or confidential. The responsible authority in every state agency, political subdivision and statewide system shall keep records containing government data in such an arrangement and condition as to make them easily accessible for convenient use. Photographic, photostatic, microphotographic, or microfilmed records shall be considered as accessible for convenient use regardless of the size of such records.*

Subd. 2. [PROCEDURES.] The responsible authority in every state agency, political subdivision, and statewide system shall establish procedures, consistent with sections 15.1611 to 15.1698, to insure that requests for government data are received and complied with in an appropriate and prompt manner. Full convenience and comprehensive accessibility shall be allowed to researchers including historians, genealogists and other scholars to carry out extensive research and complete copying of all records containing government data except as otherwise expressly provided by law.

A responsible authority may designate one or more designees.

Subd. 3. [REQUEST FOR DATA.] Upon request to a responsible authority or designee, a person shall be permitted to inspect and copy government data at reasonable times and places, and if the person requests, he shall be informed of the data's meaning. The responsible authority or designee shall provide copies of government data upon request. The responsible authority may require the requesting person to pay the actual costs of making,

certifying and compiling the copies. If the responsible authority or designee is not able to provide copies at the time a request is made he shall supply copies as soon as reasonably possible.

If the responsible authority or designee determines that the requested data is classified so as to deny the requesting person access, the responsible authority or designee shall so inform the requesting person orally at the time of the request, and in writing as soon thereafter as possible, and shall cite the statute, temporary classification, or federal law on which the determination is based.

Sec. 8. Minnesota Statutes 1978, Section 15.163, is amended to read:

15.163 [DUTIES OF RESPONSIBLE AUTHORITY.] Subdivision 1. [ANNUAL INVENTORY OF RECORDS.] *On or before August 1, 1976, The responsible authority shall prepare a public document containing his name, title and address, and a description of each category of record, file, or process relating to private or confidential data on individuals maintained by his state agency, statewide system, or political subdivision. Forms used to collect private and confidential data shall be included in the public document. Beginning August 1, 1977 and annually thereafter, the responsible authority shall update the public document and make any changes necessary to keep it accurate maintain the accuracy of the document. The document shall be available from the responsible authority to the public in accordance with the provisions of sections 7 and 15.17.*

Subd. 2. [COPIES TO COMMISSIONER.] *The commissioner may require responsible authorities to submit copies of the public document required in subdivision 1, and may request additional information relevant to data collection practices, policies and procedures.*

Subd. 3. [STANDARDS FOR COLLECTION AND STORAGE.] *Collection and storage of public, private or confidential data on individuals and use and dissemination of private and confidential data on individuals shall be limited to that necessary for the administration and management of programs specifically authorized by the legislature, local governing body or mandated by the federal government.*

Subd. 4. [COLLECTION AND USE OF DATA; GENERAL RULE.] *Private or confidential data on an individual shall not be collected, stored, used or disseminated by political subdivisions, statewide systems or state agencies for any purposes other than those stated to the individual at the time of collection in accordance with section 15.165, except as provided in this subdivision.*

(a) Data collected prior to August 1, 1975, and which have not been treated as public data, may be used and disseminated for the purposes for which the data was originally collected or for purposes which are specifically approved by the commissioner as necessary to public health, safety, or welfare.

(b) *Private or confidential data may be used and disseminated to individuals or agencies specifically authorized access to that data by state or federal law subsequent to the collection of the data.*

(c) *Private or confidential data may be used and disseminated to individuals or agencies subsequent to the collection of the data when specifically approved by the commissioner as necessary to carry out a function assigned by law.*

(d) *Private data may be used by and disseminated to any person or agency if the individual subject or subjects of the data have given their informed consent. Whether a data subject has given informed consent shall be determined by rules of the commissioner. Informed consent shall not be deemed to have been given by an individual subject of the data by the signing of any statement authorizing any person or agency to disclose information about him or her to an insurer or its authorized representative, unless the statement is:*

(1) *In plain language*

(2) *Dated;*

(3) *Specific in designating the particular persons or agencies the data subject is authorizing to disclose information about him or her;*

(4) *Specific as to the nature of the information he or she is authorizing to be disclosed;*

(5) *Specific as to the persons or agencies to whom he or she is authorizing information to be disclosed;*

(6) *Specific as to the purpose or purposes for which the information may be used by any of the parties named in clause (5), both at the time of the disclosure and at any time in the future;*

(7) *Specific as to its expiration date which should be within a reasonable period of time, not to exceed one year except in the case of authorizations given in connection with applications for life insurance or noncancelable or guaranteed renewable health insurance and identified as such, two years after the date of the policy.*

Subd. 5. [DATA PROTECTION.] *The responsible authority shall (1) establish procedures to assure that all data on individuals is accurate, complete, and current for the purposes for which it was collected; and (2) establish appropriate security safeguards for all records containing data on individuals.*

Subd. 6. [CONTRACTS.] *Except as provided in section 15, subdivision 5, in any contract between a governmental unit subject to sections 15.1611 to 15.1698 and any person, when the contract requires that data on individuals be made available to the contracting parties by the governmental unit, that data shall be administered consistent with sections 15.1611 to 15.1698. A contracting party shall maintain the data on individuals which it received according to the statutory provisions applicable to the data.*

Subd. 7. [PREPARATION ON SUMMARY DATA.] *The use of summary data derived from private or confidential data on individuals under the jurisdiction of one or more responsible authorities shall be permitted. Unless classified pursuant to section 15.1642, summary data is public. The responsible authority shall prepare summary data from private or confidential data on individuals upon the request of any person, provided that the request is in writing and the cost of preparing the summary data is borne by the requesting person. The responsible authority may delegate the power to prepare summary data (1) to the administrative officer responsible for any central repository of summary data; or (2) to a person outside of its agency if the person, in writing, sets forth his purpose and agrees not to disclose, and the agency reasonably determines that the access will not compromise private or confidential data on individuals.*

Subd. 8. [PUBLICATION OF ACCESS PROCEDURES.] *The responsible authority shall prepare a public document setting forth in writing the rights of the data subject pursuant to section 15.165 and the specific procedures in effect in the state agency, statewide system or political subdivision for access by the data subject to public or private data on individuals.*

Subd. 9. [INTERGOVERNMENTAL ACCESS OF DATA.] *A responsible authority shall allow another responsible authority access to data classified as not public only when the access is authorized or required by statute or federal law. An agency that supplies government data under this subdivision may require the requesting agency to pay the actual cost of supplying the data.*

Data shall have the same classification in the hands of the agency receiving it as it had in the agency providing it.

Sec. 9. Minnesota Statutes 1978, Section 15.1642, Subdivision 1, is amended to read:

15.1642 [TEMPORARY CLASSIFICATION.] Subdivision 1. [APPLICATION.] *The responsible authority of a state agency, political subdivision or statewide system may apply to the commissioner for permission to classify data or types of data on individuals as private or confidential, or data not on individuals as non-public, for its own use and for the use of other similar agencies, political subdivisions or statewide systems on an emergency a temporary basis until a proposed statute can be acted upon by the legislature. The application for emergency temporary classification is public.*

Upon the filing of an application for emergency temporary classification, the data which is the subject of the application shall be deemed to be classified as set forth in the application for a period of 30 45 days, or until the application is disapproved or granted by the commissioner, whichever is earlier.

Sec. 10. Minnesota Statutes 1978, Section 15.1642, Subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF APPLICATION FOR PRIVATE OR CONFIDENTIAL DATA.] An application for ~~emergency temporary~~ classification of data on individuals shall include and the applicant shall have the burden of clearly establishing at least the following information ~~(a)~~ that no statute currently exists which either allows or forbids classification as private or confidential; and either

~~(b)~~ (a) That data similar to that for which the ~~emergency temporary~~ classification is sought has been treated as either private or confidential by other state agencies or political subdivisions, and by the public; and or

~~(c)~~ (b) That a compelling need exists for immediate ~~emergency temporary~~ classification, which if not granted could adversely affect the public interest or the health, safety, well being or reputation of the data subject.

Sec. 11. Minnesota Statutes 1978, Section 15.1642, is amended by adding a subdivision to read:

Subd. 2a. [CONTENTS OF APPLICATION FOR NON-PUBLIC DATA.] An application for temporary classification of government data not on individuals shall include and the applicant shall have the burden of clearly establishing that no statute currently exists which either allows or forbids classification as non-public; and either

(a) That data similar to that for which the temporary classification is sought has been treated as non-public by other state agencies or political subdivisions, and by the public; or

(b) Public access to the data would render unworkable a program authorized by law; or

(c) That a compelling need exists for immediate temporary classification, which if not granted could adversely affect the health, safety or welfare of the public.

Sec. 12. Minnesota Statutes 1978, Section 15.1642, Subdivision 3, is amended to read:

Subd. 3. [DETERMINATION.] The commissioner shall either grant or disapprove the application for ~~emergency temporary~~ classification within ~~30~~ 45 days after it is filed. If the commissioner disapproves the application, he shall set forth in detail his reasons for the disapproval, and shall include a statement of what classification he believes is appropriate for the data which is the subject of the application. Ten Twenty days after the date of the commissioner's disapproval of an application, the data which is the subject of the application shall become public data on individuals, unless the responsible authority submits an amended application for ~~emergency temporary~~ classification which requests the classification deemed appropriate by the commissioner in his statement of disapproval or which sets forth additional information relating to the original proposed classification. Upon the filing of an amended application, the data which is the subject of the amended application shall be deemed to be classified

as set forth in the amended application for a period of 15 20 days or until the amended application is granted or disapproved by the commissioner, whichever is earlier. The commissioner shall either grant or disapprove the amended application within 15 20 days after it is filed. Five working days after the date of the commissioner's disapproval of the amended application, the data which is the subject of the application shall become public data on individuals. No more than one amended application may be submitted for any single file or system which contains data on individuals.

If the commissioner grants an application for emergency temporary classification, it shall become effective immediately, and the complete record relating to the application shall be submitted to the attorney general, who shall review the classification as to form and legality. Within 20 25 days, the attorney general shall approve the classification, disapprove a classification as confidential but approve a classification as private, or disapprove the classification. If the attorney general disapproves a classification, the data which is the subject of the classification shall become public data five working days after the date of the attorney general's disapproval.

Sec. 13. Minnesota Statutes 1978, Section 15.1642, Subdivision 5, is amended to read:

Subd. 5. [EXPIRATION OF TEMPORARY CLASSIFICATION.] *Emergency classifications granted before the effective date of this section are redesignated as temporary classifications. All emergency temporary classifications granted under this section prior to the effective date of this section and still in effect shall expire on July 31, 1979 1980. No emergency classifications shall be granted after July 31, 1979. For purposes of this section, all temporary classifications granted prior to December 1, 1979, shall be treated as if they were granted in 1979.*

Subd. 5a. On or before January 15 of each year, the commissioner shall submit all temporary classifications granted in the prior year in bill form for legislative consideration. Unless enacted by law, each temporary classification so submitted shall expire 18 months after being granted and may not be renewed more than once.

Sec. 14. Minnesota Statutes 1978, Section 15.166, is amended to read:

15.166 [CIVIL PENALTIES.] Subdivision 1. Notwithstanding section 466.03, a political subdivision, responsible authority or state agency which violates any provision of sections ~~15.162 to 15.167~~ 15.1611 to 15.1698 is liable to a person who suffers any damage as a result of the violation, and the person damaged may bring an action against the political subdivision, responsible authority, statewide system or state agency to cover any damages sustained, plus costs and reasonable attorney fees. In the case of a willful violation, the political subdivision, statewide system or state agency shall, in addition, be liable to exemplary damages of

not less than \$100, nor more than ~~\$1,000~~ \$10,000 for each violation. The state is deemed to have waived any immunity to a cause of action brought under sections ~~15.162 to 15.1671~~ 15.1611 to 15.1698.

Subd. 2. A political subdivision, responsible authority, *state-wide system* or state agency which violates or proposes to violate sections ~~15.162 to 15.1671~~ 15.1611 to 15.1698 may be enjoined by the district court. The court may make any order or judgment as may be necessary to prevent the use or employment by any person of any practices which violate sections ~~15.162 to 15.1671~~ 15.1611 to 15.1698.

Subd. 3. An action filed pursuant to this section may be commenced in the county in which the individual alleging damage or seeking relief resides, or in the county wherein the political subdivision exists, or, in the case of the state, any county.

Subd. 4. *In addition to the remedies provided in subdivisions 1 to 3 or any other law, any aggrieved person may bring an action in district court to compel compliance with sections 15.1611 to 15.1698 and sections 10 to 12 and may recover costs and disbursements, including reasonable attorney's fees, as determined by the court. If the court determines that a request for government data is frivolous and without merit and a basis in fact, it may award reasonable costs and attorney fees to the responsible authority. The matter shall be heard as soon as possible. In an action involving a request for government data under section 7 or 15.165, the court may inspect in camera the government data in dispute, but shall conduct its hearing in public and in a manner that protects the security of data classified as not public.*

Sec. 15. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1691] [WELFARE DATA.] *Subdivision 1. [DEFINITIONS.] As used in this section:*

(a) *"Individual" means an individual pursuant to section 15.162, subdivision 4, but does not include a vendor of services.*

(b) *"Program" includes all programs for which authority is vested in a component of the welfare system pursuant to statute or federal law.*

(c) *"Welfare system" includes the department of public welfare, county welfare boards, human services boards, community mental health boards, state hospitals, state nursing homes, and persons, agencies, institutions, organizations and other entities under contract to any of the above agencies to the extent specified in the contract.*

Subd. 2. [GENERAL.] *Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:*

(a) Pursuant to section 15.163;

(b) Pursuant to a valid court order;

(c) Pursuant to a statute specifically authorizing access to the private data;

(d) To an agent of the welfare system, including appropriate law enforcement personnel, who are acting in the investigation, prosecution, criminal or civil proceeding relating to the administration of a program;

(e) To personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

(f) To administer federal funds or programs; or

(g) Between personnel of the welfare system working in the same program.

Subd. 3. [INVESTIGATIVE DATA.] Data collected, maintained, used or disseminated by the welfare system in an investigation, authorized by statute and relating to the enforcement of rules or law, is confidential pursuant to section 15.162, subdivision 2a, and shall not be disclosed except:

(a) Pursuant to section 15.163;

(b) Pursuant to statute or valid court order;

(c) To a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense.

After presentation in court, the data shall be public data on individuals to the extent reflected in court records.

Subd. 4. [LICENSING DATA.] All data pertaining to persons licensed or registered under the authority of the commissioner of public welfare, except for personal and personal financial data submitted by applicants and licensees under the home day care program and the family foster care program, is public data. Personal and personal financial data on home day care program and family foster care program applicants and licensees is private data pursuant to section 15.162, subdivision 5a.

Subd. 5. [MEDICAL DATA; CONTRACTS.] Data relating to the medical, psychiatric or mental health of any person, including diagnosis, progress charts, treatment received, case histories, and opinions of health care providers, which is collected, maintained, used or disseminated by a private health care provider under contract to any agency of the welfare system is private data on individuals, and is subject to the provisions of sections 15.162 to 15.1671, and this section, except that the provisions of section 15.165, subdivision 3, shall not apply. Access to medical data referred to in this subdivision by the individual who is the subject of the data is subject to the provisions of section 144.335.

Subd. 6. [OTHER DATA.] Data collected, used, maintained or disseminated by the welfare system that is not data on individuals is public pursuant to sections 7 and 15.17.

Sec. 16. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1698] [MEDICAL DATA.] *Subdivision 1. [DEFINITION.] As used in this section, "directory information" means name of the patient, date admitted, general condition, and date released.*

Subd. 2. [ACCESS TO RECORDS.] Access to medical data in the possession of a political subdivision, state agency, or statewide system, by the individual who is the subject of the data is subject to the provisions of section 144.335.

Subd. 3. [PUBLIC HOSPITALS; DIRECTORY INFORMATION.] If a person is a patient in a hospital operated by a state agency or political subdivision pursuant to legal commitment, directory information is public data. If a person is a patient other than pursuant to commitment in a hospital controlled by a state agency or political subdivision, directory information is public data unless the patient requests otherwise, in which case it is private data on individuals.

Directory information about an emergency patient who is unable to communicate which is public under this subdivision shall not be released until a reasonable effort is made to notify the next of kin. Although an individual has requested that directory information be private, the hospital may release directory information to a law enforcement agency pursuant to a lawful investigation pertaining to that individual.

Sec. 17. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1692] [PERSONNEL DATA.] *Subdivision 1. As used in this section, "personnel data" means data on individuals collected because the individual is or was an employee of or an applicant for employment by a state agency, statewide system or political subdivision.*

Subd. 2. Except for employees described in subdivision 6, the following personnel data on current and former employees of a state agency, statewide system or political subdivision is public: name; actual gross salary; salary range; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description; education and training background; previous work experience; date of first and last employment; the status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; and the final disposition of any disciplinary action and supporting documentation.

Subd. 3. Except for applicants described in subdivision 6, the following personnel data on current and former applicants for em-

ployment by a state agency, statewide system or political subdivision is public: veteran status; relevant test scores; rank on eligible list; job history; education and training; and work availability. Names of applicants shall be private data except when certified as eligible for appointment to a vacancy.

Subd. 4. Personnel examinations and answer keys are confidential, except pursuant to a valid court order.

Subd. 5. All other personnel data is private data on individuals, except pursuant to a valid court order.

Subd. 6. All personnel data maintained by any state agency, statewide system or political subdivision relating to an individual employed as or an applicant for employment as an undercover law enforcement officer is private data on individuals.

Sec. 18. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1693] [EDUCATIONAL DATA.] *Subdivision 1. As used in this section:*

(a) *“Educational data” means data on individuals maintained by a public educational agency or institution or by a person acting for the agency or institution which relates to a student.*

Records of instructional personnel which are in the sole possession of the maker thereof and are not accessible or revealed to any other individual except a substitute teacher, and are destroyed at the end of the school year, shall not be deemed to be government data.

Records of a law enforcement unit of a public educational agency or institution which are maintained apart from education data and are maintained solely for law enforcement purposes, and are not disclosed to individuals other than law enforcement officials of the jurisdiction are confidential; provided, that education records maintained by the educational agency or institution are not disclosed to the personnel of the law enforcement unit.

Records relating to a student who is employed by a public educational agency or institution which are made and maintained in the normal course of business, relate exclusively to the individual in that individual's capacity as an employee, and are not available for use for any other purpose are classified pursuant to section 17.

(b) *“Student” includes a person currently or formerly enrolled or registered, and applicants for enrollment or registration at a public educational agency or institution.*

(c) *“Substitute teacher” means an individual who performs on a temporary basis the duties of the individual who made the record, but does not include an individual who permanently succeeds the maker of the record in his position.*

Subd. 2. Except as provided in subdivision 4, educational data is private data on individuals and shall not be disclosed except as follows:

- (a) Pursuant to section 15.163;
- (b) Pursuant to a valid court order;
- (c) Pursuant to a statute specifically authorizing access to the private data;
- (d) To disclose information in health and safety emergencies pursuant to the provisions of 20 U.S.C., Section 1232g(b)(1)(l) and 45 C.F.R., Section 99.36 which are in effect on the effective date of this section; or
- (e) Pursuant to the provisions of 20 U.S.C., Sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3) and 45 C.F.R., Sections 99.31, 99.32, 99.33, 99.34 and Sec. 99.35 which are in effect on the effective date of this section.

Subd. 3. A student shall not have the right of access to private data provided in section 15.165, subdivision 3, as to financial records and statements of his parents or any information contained therein.

Subd. 4. Information designated as directory information pursuant to the provisions of 20 U.S.C., Section 1232g and regulations adopted pursuant thereto which are in effect on the effective date of this section is public data on individuals.

Sec. 19. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1694] [ATTORNEYS.] Notwithstanding the provisions of sections 15.162 to 15.17, the use, collection, storage, and dissemination of data by an attorney acting in his professional capacity for the state, a state agency or a political subdivision shall be governed by statutes, rules, and professional standards concerning discovery, production of documents, introduction of evidence, and professional responsibility; provided that this section shall not be construed to affect the applicability of any statute, other than sections 15.162 to 15.17, which specifically requires or prohibits disclosure of specific information by the attorney, nor shall this section be construed to relieve any responsible authority, other than the attorney, from his duties and responsibilities pursuant to sections 15.1611 to 15.17.

Sec. 20. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1695] [LAW ENFORCEMENT DATA.] Subdivision 1. When collected, created, or maintained by law enforcement agencies including municipal police departments, county sheriff departments, the bureau of criminal apprehension, the Minnesota state patrol, the peace officers standards and training board, or public prosecutors or defenders:

- (a) Data on participants in crime prevention programs including lists of property with identification numbers or evaluations or recommendations related to structural security against unauthorized entry is private; and

(b) Data contained on incident complaint reports, variously called logs or dockets, comprising a chronological record of events, shall be public; provided that data on individuals which could reasonably be used to determine the identity of an undercover agent, informant, or victim of criminal sexual conduct shall be private data on individuals; provided further that any other data classified by law as private or confidential contained in incident complaint reports shall remain private or confidential data.

Subd. 2. Nothing in this chapter shall prohibit the exchange of information by law enforcement agencies provided the exchanged information is pertinent and necessary to the requesting agency in initiating, furthering, or completing an investigation.

Subd. 3. Information reflecting deliberative processes or investigative techniques of law enforcement agencies is confidential; provided that information, reports, or memoranda which have been adopted as the final opinion or justification for decision of a law enforcement agency are public.

Subd. 4. Nothing in this section shall be held to expand or limit the scope of discovery available at law to any party in a civil, criminal, or administrative proceeding.

Sec. 21. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1696] [DATA ACCESS FOR CRIME VICTIMS.] *The prosecuting authority shall release investigative data collected by a law enforcement agency to the victim of a criminal act or his legal representative upon written request unless the prosecuting authority reasonably believes:*

(a) That the release of that data will interfere with the investigation; or

(b) That the request is prompted by a desire on the part of the requestor to engage in unlawful activities.

Sec. 22. Minnesota Statutes 1978, Chapter 15, is amended by adding a section to read:

[15.1697] [ELECTED OFFICIALS; CORRESPONDENCE; PRIVATE DATA.] *Correspondence between individuals and elected officials is private data on individuals, but may be made public by either the sender or the recipient.*

Sec. 23. Minnesota Statutes 1978, Section 15.17, Subdivision 4, is amended to read:

Subd. 4. [ACCESSIBLE TO PUBLIC.] Every custodian of public records shall keep them in such arrangement and condition as to make them easily accessible for convenient use. Photographic, photostatic, microphotographic, or microfilmed records shall be considered as accessible for convenient use regardless of the size of such records. Except as otherwise expressly provided by law, he shall permit all public records in his custody to be inspected, ex-

amined, abstracted, or copied at reasonable times and under his supervision and regulation by any person; and he shall, upon the demand of any person, furnish certified copies thereof on payment in advance of fees not to exceed the fees prescribed by law. Full convenience and comprehensive accessibility shall be allowed to researchers including historians, genealogists and other scholars to carry out extensive research and complete copying of all public records except as otherwise expressly provided by law. Access to records containing government data is governed by section 7.

Sec. 24. [REPEALER.] *Minnesota Statutes 1978, Sections 15.1641; 15.1642, Subdivision 4; and 15.169 are repealed.*

Sec. 25. [EFFECTIVE DATE.] *Sections 1 to 6, 8 to 22, and 24 are effective July 1, 1979. Sections 7 and 23 are effective January 1, 1980."*

Further, amend the title by deleting it and inserting:

"A bill for an act relating to collection and dissemination of data; establishing a presumption that government data is public; classifying data; extending the period of time during which emergency classifications of data may be made; clarifying the duties of the responsible authority; providing for temporary classification of data; providing remedies; amending Minnesota Statutes 1978, Sections 15.162, Subdivisions 1, 2a, 6, and by adding subdivisions; 15.163; 15.1642, Subdivisions 1, 2, 3, 5, and by adding a subdivision; 15.166; 15.17, Subdivision 4; and Chapter 15, by adding sections; repealing Minnesota Statutes 1978, Sections 15.1641; 15.1642, Subdivision 4; and 15.169."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Tom Stoa, Shirley A. Hokanson, William D. Dean, John A. Ainley

Senate Conferees: (Signed) Robert J. Tennessen, Jack Davies, John B. Keefe

Mr. Tennessen moved that the foregoing recommendations and Conference Committee Report on H. F. No. 738 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 738: A bill for an act relating to collection and dissemination of data; establishing a presumption that government data is public; classifying data; extending the period of time during which emergency classifications of data may be made; clarifying the duties of the responsible authority; providing for temporary classification of data; providing remedies; amending Minnesota Statutes 1978, Sections 15.162, Subdivision 1, 2a, 6, and by adding subdivisions; 15.163; 15.1642, Subdivisions 1, 2, 3, 5, and by adding a subdivision; 15.166; 15.17, Subdivision 4; and Chapter 15, by adding sections; repealing Minnesota Statutes 1978, Sections 15.1641; 15.1642, Subdivision 4; and 15.169.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 40 and nays 22, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Knaak	Olhoft	Solon
Ashbach	Hanson	Knoll	Penny	Spear
Benedict	Hughes	Luther	Pillsbury	Staples
Brataas	Humphrey	McCutcheon	Purfeerst	Stokowski
Davies	Johnson	Menning	Schaaf	Stumpf
Dieterich	Keefe, J.	Moe	Schmitz	Tennessee
Dunn	Keefe, S.	Nelson	Sieloff	Ulland, J.
Gearty	Kirchner	Nichols	Sikorski	Vega

Those who voted in the negative were:

Bang	Frederick	Merriam	Rued	Wegener
Bernhagen	Jensen	Olson	Setzepfandt	Willet
Chenoweth	Knutson	Perpich	Sillers	
Chmielewski	Laufenburger	Peterson	Strand	
Engler	Lessard	Renneke	Ueland, A.	

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

Pursuant to Rule 21, Mr. Moe moved that the following members be excused at 3:15 o'clock p.m. for a Conference Committee on H. F. Nos. 1605 and 1606:

Messrs. Moe, Humphrey, Willet, Ashbach and Keefe, J. The motion prevailed.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1241 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1241 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1241

A bill for an act relating to natural resources; reducing local match required for dam repair and reconstruction grants; authorizing loans for local share of project costs; authorizing sale of bonds for loan program; appropriating money; amending Minnesota Statutes 1978, Section 105.482, Subdivisions 3 and 5, and by adding a subdivision.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1241, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments.

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Arlene Lehto, Bernard Brinkman, Mar-
nie Luknic, Steve Sviggum

Senate Conferees: (Signed) Gerald Willet, Clarence Purfeerst,
Robert Dunn

Mr. Willet moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1241 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1241: A bill for an act relating to natural resources; reducing local match required for dam repair and reconstruction grants; authorizing loans for local share of project costs; authorizing sale of bonds for loan program; appropriating money; amending Minnesota Statutes 1978, Section 105.482, Subdivisions 3 and 5, and by adding a subdivision.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Penny	Sillers
Ashbach	Gearty	Laufenburger	Perpich	Solon
Bang	Gunderson	Lessard	Peterson	Spear
Benedict	Hanson	Luther	Pillsbury	Staples
Bernhagen	Hughes	McCutcheon	Purfeerst	Stokowski
Brataas	Humphrey	Menning	Renneke	Strand
Chenoweth	Jensen	Merriam	Rued	Stumpf
Chmielewski	Johnson	Moe	Schaaf	Ueland, A.
Davies	Keefe, J.	Nelson	Schmitz	Uland, J.
Dieterich	Keefe, S.	Nichols	Setzepfandt	Vega
Dunn	Kirchner	Olhoff	Sieloff	Wegener
Engler	Knaak	Olson	Sikorski	Willet

So the bill, as amended by the Conference Committee, was re-
passed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 26, 709 and 1025.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1047 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1047: A bill for an act relating to workers' compensation; providing for settlement of claims; amending Minnesota Statutes 1978, Section 176.521, Subdivisions 1 and 2.

Senate File No. 1047 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 856 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 856: A bill for an act relating to public health; authorizing waiver of minimum health maintenance organization requirements for demonstration projects; amending Minnesota Statutes 1978, Chapter 62D, by adding a section.

Senate File No. 856 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 831 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 831: A bill for an act relating to the Hennepin county park reserve district; regulating tax levies; reaffirming the requirement that the environmental quality board make its decisions by a majority vote; permitting certain requests for reconsideration

of board decisions; amending Laws 1967, Chapter 721, Section 2, as amended; and Minnesota Statutes 1978, Section 166D.04, Subdivision 3.

Senate File No. 831 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 450 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 450: A bill for an act relating to probate; clarifying the form for a self-proved will; amending Minnesota Statutes 1978, Section 524.2-504.

Senate File No. 450 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 186 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 186: A bill for an act relating to crimes; limiting a perpetrator's right to commercially exploit the crime; providing for the payment of crime victims; appropriating money; amending Minnesota Statutes 1978, Chapter 299B, by adding a section.

Senate File No. 186 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 118 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 118: A bill for an act relating to crimes; defining the crime of receiving stolen property; amending Minnesota Statutes 1978, Section 609.53, Subdivision 2.

Senate File No. 118 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 13 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 13 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 13

A bill for an act relating to obscenity; prohibiting the showing of obscene motion pictures at drive-in theatres; providing for a hearing in the courts to determine if a motion picture is obscene; prescribing penalties.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 13, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendments and that H. F. No. 13 be further amended as follows:

Delete everything after the enacting clause and insert:

Section 1. [DEFINITIONS.] Subdivision 1. For the purposes of sections 1 to 2, the terms defined in this section have the meanings given them.

Subd. 2. A motion picture is "obscene" if:

(a) Considered as a whole, by an average person applying contemporary community standards, it is found to appeal predominantly to the prurient interest, that is, a shameful or morbid interest in nudity, sex or excretion; and

(b) Taken as a whole, it lacks serious literary, artistic, political, or scientific value; and

(c) It depicts or describes in a patently offensive way sexual conduct.

For the purpose of this subdivision, "community" means the political subdivision from which persons properly qualified to serve as jurors in a civil proceeding are chosen.

Subd. 3. "Nudity" means the showing of the human male or female genitals, pubic areas, or buttocks with less than a fully opaque covering, or the showing of an uncovered, or less than opaquely cov-

ered, female breast below a point immediately above the top of the nipple (or the breast with the nipple and immediately adjacent area only covered).

Subd. 4. "Sexual conduct" means any of the following depicted sexual conduct:

(a) Sadomasochistic abuse, meaning flagellation or torture by or upon a person who is nude, or clad in undergarments, a mask or bizarre costume, or the condition of being bound, fettered, or otherwise physically restrained on the part of one who is so clothed as an act of sexual stimulation or gratification;

(b) Human defecation or urination;

(c) The condition of human male or female genitals, or the breasts of the female when in a state of sexual stimulation, or the sensual experience of humans in engaging in or witnessing sexual conduct or nudity; or

(d) Human masturbation, sexual intercourse or sodomy, actual or simulated, or any touching of the genitals, pubic areas or buttocks of a human being, whether alone or between members of the same or opposite sex or between humans or animals in an act of apparent sexual stimulation or gratification.

Sec. 2. [OBSCENE MOTION PICTURES; PROHIBITING EXHIBITION AT DRIVE-IN THEATRES.] Subdivision 1. Subject to the exemptions of Minnesota Statutes, Section 617.295, a person who exhibits an obscene motion picture at a drive-in theatre is guilty of a misdemeanor.

Subd. 2. Whoever violates the provisions of subdivision 1 within two years of a previous conviction shall be sentenced to imprisonment for not less than 20 days nor more than one year and to payment of a fine of not more than \$1,000."

Amend the title as follows:

Page 1, delete line 4

Page 1, line 5, delete "if a motion picture is obscene;"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Glen A. Sherwood, Paul M. Thiede, David P. Battaglia, Ray W. Faricy

Senate Conferees: (Signed) Marion Menning, Ron Sieloff

Mr. Menning moved that the foregoing recommendations and Conference Committee Report on H. F. No. 13 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion did not prevail.

Mr. Menning moved that H. F. No. 13 and the Conference Committee Report be laid on the table. The motion prevailed.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 810 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 810 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 810

A bill for an act relating to motor vehicles; providing for taxing and registering modified vehicles manufactured prior to 1949; regulating storage of modified vehicles and requiring certain equipment; providing for use of original plates on certain vehicles; amending Minnesota Statutes 1978, Section 168.10.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 810, report that we have agreed upon the items in dispute and recommend as follows:

That the House accede to the Senate amendments and that H. F. No. 810 be further amended as follows:

Page 3, lines 22 through 28 of the Keefe amendment, delete the underscored material.

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Stanley J. Fudro, John J. Sarna, Marnie J. Luknic, Lyle G. Mehrkens

Senate Conferees: (Signed) Howard D. Olson, Steve Keefe, George S. Pillsbury

Mr. Olson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 810 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 810: A bill for an act relating to motor vehicles; providing for taxing and registering modified vehicles manufactured prior to 1949; regulating storage of modified vehicles and requiring certain equipment; providing for use of original

plates on certain vehicles; amending Minnesota Statutes 1978, Section 168.10.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Lessard	Pillsbury	Stokowski
Benedict	Hanson	Luther	Purfeerst	Strand
Bernhagen	Hughes	Menning	Renneke	Stumpf
Brataas	Humphrey	Merriam	Rued	Tennessen
Chenoweth	Jensen	Moe	Schaaf	Ueland, A.
Chmielewski	Johnson	Nelson	Schmitz	Ulland, J.
Coleman	Keefe, J.	Nichols	Setzpfandt	Vega
Davies	Keefe, S.	Ogdahl	Sieloff	Wegener
Dieterich	Kirchner	Olhoft	Sikorski	Willet
Dunn	Knaak	Olson	Sillers	
Engler	Knoll	Penny	Solon	
Frederick	Knutson	Perpich	Spear	
Gearty	Laufenburger	Peterson	Staples	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 907 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 907 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 907

A bill for an act relating to retirement; judges retirement fund; including the conciliation court of the city of Duluth in certain provisions governing judicial retirement; transferring the obligations and assets of the county and probate court judges survivors' account to the judges retirement fund; amending Minnesota Statutes 1978, Sections 490.121, Subdivision 2; and 490.124, Subdivision 8; repealing Minnesota Statutes 1978, Section 490.12, Subdivisions 7 and 8.

May 19, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 907, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 907 be amended as follows:

Page 1, after line 13, insert:

“Section 1. Minnesota Statutes 1978, Section 43.051, Subdivision 3, is amended to read:

Subd. 3. Notwithstanding the provisions of subdivision 1, any employee of the state of Minnesota in a covered classification as defined in section 352.91, who is a member of the special retirement program for correctional personnel defined in chapter 352 established pursuant to sections 352.90 to 352.95, ~~must~~ shall retire from such employment in the covered ~~classification~~ *correctional position* upon having reached ~~or upon reaching~~ the ~~mandatory~~ retirement age as of the effective dates established herein:

Effective Date	Mandatory Retirement Age
July 1, 1974	65
January 1, 1975	62
July 1, 1975	59
January 1, 1976	57
July 1, 1976	55

55 years, unless the person applies for and receives from the commissioner of corrections, or the commissioner of public welfare if the appointing authority is the Minnesota security hospital an extension beyond the conditional mandatory retirement age.

A covered correctional employee may be employed beyond the mandatory retirement age for a period not to extend beyond July 1, 1980, but in no event not beyond the age of 62, subject to an annual medical examination and the written approval of the commissioner of corrections, whose decision shall be final 65 years. A correctional employee desiring employment beyond mandatory retirement age shall be examined at his own expense and the results and findings of the medical examination shall be transmitted to the commissioner of corrections prior to the date the employee would otherwise have to retire pursuant to this subdivision, prior to the date of reaching the conditional mandatory retirement age, and annually thereafter, request in writing to the person's appointing authority that he be authorized to continue in employment. Upon receiving the request, the appointing authority shall have a medical examination made of the employee. The results of the medical examination, together with the determination and certification of the appointing authority as to the mental and physical ability of the employee to continue to fulfill the duties of his employment for the following year, shall be transmitted to the commissioner of corrections or the commissioner of public welfare if the appointing authority is the Minnesota security hospital. If the determination of the appointing authority relating to an employee is adverse, the disposition of the matter shall be decided by the commissioner of corrections or of public welfare, whichever is applicable, based on

the information provided to him. The decision of the applicable commissioner shall be made in writing and shall be final."

Page 2, lines 14, 18, 26, 30 and 31, delete "*this act*" and insert "*sections 4 to 7*"

Page 3, lines 7, 8, 22, 25 and 30, delete "*this act*" and insert "*sections 4 to 7*"

Page 4, delete lines 1 through 3, and insert:

"Sec. 8. Section 1 is effective May 1, 1979. The remainder of this act is effective the day following final enactment."

Renumber the remaining sections.

Amend the title as follows:

Page 1, line 7, after the semicolon, insert:

"mandatory retirement requirements for correctional officers;"

Page 1, line 8, after "Sections" insert "43.051, Subdivision 3;"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Leo J. Reding, Al W. Patton, John S. Biersdorf, Raymond J. Albrecht

Senate Conferees: (Signed) Eugene E. Stokowski, Harmon T. Ogdahl, Roger E. Strand

Mr. Stokowski moved that the foregoing recommendations and Conference Committee Report on H. F. No. 907 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 907: A bill for an act relating to retirement; judges retirement fund; including the conciliation court of the city of Duluth in certain provisions governing judicial retirement; transferring the obligations and assets of the county and probate court judges survivors' account to the judges retirement fund; mandatory retirement for correctional officers; amending Minnesota Statutes 1978, Sections 43.051, Subdivision 3; 490.121, Subdivision 2; and 490.124, Subdivision 8; repealing Minnesota Statutes 1978, Section 490.12, Subdivisions 7 and 8.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chenoweth	Davies	Engler	Hanson
Benedict	Chmielewski	Dieterich	Frederick	Hughes
Bernhagen	Coleman	Dunn	Gunderson	Humphrey

Jensen	Lessard	Olson	Setzepfandt	Tennessen
Johnson	Luther	Penny	Sieloff	Ueland, A.
Keefe, J.	McCutcheon	Perpich	Sikorski	Ulland, J.
Keefe, S.	Menning	Peterson	Sillers	Vega
Kirchner	Merriam	Pillsbury	Solon	Wegener
Kleinbaum	Moe	Purfeerst	Spear	Willet
Knaak	Nelson	Renneke	Staples	
Knoll	Nichols	Rued	Stokowski	
Knutson	Ogdahl	Schaaf	Strand	
Laufenburger	Olhoft	Schmitz	Stumpf	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1198 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1198 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1198

A bill for an act relating to wild animals; altering or eliminating certain provisions in regard to the taking, possessing, or transporting of game or fish; amending Minnesota Statutes 1978, Sections 98.45, Subdivision 1; 100.27, Subdivision 4; 100.29, Subdivisions 7, 14, and 19; and 101.42, Subdivision 18, and by adding a subdivision.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1198, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1198 be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Section 98.45, Subdivision 1, is amended to read:

98.45 [REQUIREMENT.] Subdivision 1. Except as specifically permitted in chapters 97 to 102, no person may take, buy, sell, transport, or possess any protected wild animals of this state or

any aquatic plants without first procuring a license therefor as provided in section 98.46 or in section 98.48. Every license is issued for a year beginning on the first day of March and is void after the last day of the open season or the lawful time within that year during which the acts authorized may be performed. ~~No license to take beaver or otter may be issued to any person after the third day of the open season provided therefor for that year.~~ Except as provided in this section, no license to take deer with firearm or with bow and arrow may be issued after the day prior to the first day of the regular rifle season, and all license agents shall return all stubs and unsold license blanks to the county auditor on the first business day following the first day of such season. A resident who is discharged from the military or naval forces of the United States, or any active reserve or component thereof, during the regular season for taking deer by firearm or within ten days before its commencement, may be issued, at any time during the firearm deer season and upon a showing of his official discharge paper, a license to take deer with firearm. Only one license of each kind, except as authorized by order of the commissioner adopted pursuant to section 97.53 and except the non-resident short term angling license, may be issued to a person in any licensing year. No license may be transferred except as expressly authorized.

Sec. 2. Minnesota Statutes 1978, Section 100.27, Subdivision 4, is amended to read:

Subd. 4. Muskrats may be taken for a period not exceeding 60 days in the aggregate for the area, otter for a period not exceeding 15 days, only by trapping, and mink for a period not exceeding 90 days, in the areas of the state, during the times between ~~November 1st~~ *October 25th* and April 30th of the following year and subject to any other restrictions which the commissioner shall prescribe. Beaver may be taken, by trapping only, in the areas of the state, during the times between ~~December 1st~~ *October 25th* and April 30th of the following year and subject to any other restrictions which the commissioner shall prescribe.

Sec. 3. Minnesota Statutes 1978, Section 100.27, Subdivision 6, is amended to read:

Subd. 6. All migratory game birds, excepting ~~mourning doves~~ *Zenaida Macroura*, may be taken and possessed whenever and so long as the taking or possession is not prohibited by federal laws or regulations, subject, however, to all requirements of chapters 97 to 102, provided that it shall be unlawful to take any migratory game birds at any time in violation of any federal law or regulation. ~~Mourning doves~~ *Zenaida Macroura* shall not be taken and possessed in the state.

Sec. 4. Minnesota Statutes 1978, Section 100.29, Subdivision 7, is amended to read:

Subd. 7. It shall be unlawful to hunt deer ~~during the bow and arrow season~~ *big game with a bow and arrow* while in possession of, or having under control, any firearm, or *to hunt* with any bow

drawn, held, or released by a mechanical device, or to hunt deer with any poisoned arrow or arrow with explosive tip. Arrow heads for big game hunting must be made of all steel barbless design, the blade or blades of high carbon steel not less than one inch wide for single two edge blade and not less than three inch circumference for three or more blades, minimum weight of all types of 110 grain. Provided, that arrow heads with blades of mill tempered spring steel containing a plastic core or ferrule, conforming to the above dimensions, and with a minimum weight of 90 grain may be used. All arrow heads used for big game hunting shall be kept sharp.

Sec. 5. Minnesota Statutes 1978, Section 100.29, Subdivision 19, is amended to read:

Subd. 19. Any person may, and it shall be the duty of every conservation officer to, kill any dog pursuing or killing deer or moose, and no action for damages shall be maintained against the person for the killing. *The owner of any dog which is found pursuing or killing deer, moose, or domestic livestock shall be guilty of a petty misdemeanor.*

Sec. 6. Minnesota Statutes 1978, Section 100.29, Subdivision 30, is amended to read:

Subd. 30. It shall be unlawful to use a snowmobile or any type of all-terrain vehicle during the season open for the taking of beaver or otter and for two days thereafter, for the purpose of transporting or checking beaver or otter traps or transporting beaver or otter carcasses or pelts. However, the commissioner may issue a special permit to use a snowmobile or all-terrain vehicle to transport or check beaver or otter traps, or to transport beaver or otter carcasses or pelts, to any licensed trapper having any of the physical disabilities described in section 98.48, subdivision 12. The permit shall be issued in the same manner as provided in section 98.48, subdivision 12. *In addition, the commissioner may by order authorize the use of a snowmobile or other type of all-terrain vehicle to transport or check beaver or otter traps, or to transport beaver or otter carcasses or pelts in Lake of the Woods County.*

Sec. 7. Minnesota Statutes 1978, Section 101.42, Subdivision 18, is amended to read:

Subd. 18. Except as otherwise specifically permitted, it shall be unlawful to have in possession in an automobile or any vehicle or on their person, or at or near any waters, a spear, trap net, dip net, seine, or any other device capable of taking fish, ~~except dip nets and~~ except when acting under permit or contract to trap or seine from the division of fisheries, during the period of February 16 to the opening day for the taking of walleyed pike, April 30, inclusive and except that spears, dip nets, bows and arrows, and devices permitted in section 101.51 used for the taking of rough fish may be possessed between the hours of sunrise and sunset after April 30. This subdivision does not apply to nets used in the taking of trout and smelt in season or to seines or traps used for the taking of minnows for bait.

Sec. 8. Minnesota Statutes 1978, Section 101.42, is amended by adding a subdivision to read:

Subd. 18a. Dip nets shall not be used between one hour after sunset to one hour before sunrise, except for the taking of smelt in season and for landing game fish taken by angling.

Sec. 9. *This act is effective the day following final enactment.*"

Further, amend the title as follows:

Page 1, line 6, delete "Subdivision 4" and insert "Subdivisions 4 and 6"

Page 1, line 7, delete "14, and 19" and insert "19 and 30"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) David O. Fjoslien, Paul D. Aasness, Mary Murphy, Paul McCarron

Senate Conferees: (Signed) Collin C. Peterson, John Bernhagen, Bob Lessard

Mr. Peterson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1198 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1198: A bill for an act relating to wild animals; altering or eliminating certain provisions in regard to the taking, possessing, or transporting of game or fish; amending Minnesota Statutes 1978, Sections 98.45, Subdivision 1; 100.27, Subdivisions 4 and 6; 100.29, Subdivisions 7, 19 and 30; and 101.42, Subdivision 18, and by adding a subdivision.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 52 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Lessard	Perpich	Staples
Benedict	Jensen	Luther	Peterson	Stokowski
Bernhagen	Johnson	Menning	Pillsbury	Strand
Chmielewski	Keefe, J.	Merriam	Renneke	Tennessee
Coleman	Keefe, S.	Moe	Rued	Ueland, A.
Davies	Kirchner	Nelson	Schaaf	Vega
Dieterich	Kleinbaum	Nichols	Schmitz	Wegener
Dunn	Knaak	Ogdahl	Sieloff	Willet
Engler	Knoll	Olhoff	Sikorski	
Gearty	Knutson	Olson	Sillers	
Gunderson	Laufenburger	Penny	Solon	

Those who voted in the negative were:

Bang	Hughes	Spear	Stumpf	Ulland, J.
Chenoweth	Purfuerst			

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1206 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1206 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1206

A bill for an act relating to energy; encouraging municipalities to use diseased trees.

May 19, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1206, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendments, and H. F. No. 1206 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [DISEASED SHADE TREE UTILIZATION.]
Subdivision 1. The department of agriculture, in cooperation with the Minnesota energy agency and the Minnesota shade tree advisory committee, shall draft recommendations for wood utilization or disposal systems as defined in Minnesota Statutes, Section 18.023. These recommendations shall encourage maximum utilization of diseased shade trees. In addition to insuring maximum utilization, the recommendations shall be designed to insure public safety and to assure compliance with approved disease control programs.

Subd. 2. A municipality operating a program of sanitation as defined in Minnesota Statutes, Section 18.023 and conforming to all regulations relating to shade tree disease control may, with due attention to the recommendations developed pursuant to sub-

division 1, institute a program of wood utilization and disposal which will, to the extent practicable, encourage utilization of diseased trees including but not limited to making the trees available to the public for use as firewood."

Further, amend the title as follows:

Page 1, line 3, delete "use" and insert "make maximum utilization of"

Page 1, line 3 after "diseased" insert "shade"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Steve A. Sviggum, Richard E. Wigley, Henry J. Kalis, Lee Greenfield

Senate Conferees: (Signed) Steve Engler, Hubert H. Humphrey, III, Howard D. Olson

Mr. Engler moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1206 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1206: A bill for an act relating to energy; encouraging municipalities to make maximum utilization of diseased shade trees.

Was read the third time, as amended by the Conference Committee and placed on its repassage.

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Lessard	Peterson	Staples
Bang	Hughes	Luther	Pillsbury	Stokowski
Benedict	Humphrey	Menning	Purfeerst	Strand
Bernhagen	Jensen	Merriam	Rued	Stumpf
Chenoweth	Johnson	Moe	Schaaf	Tennessen
Chmielewski	Keefe, J.	Nelson	Schmitz	Ueland, A.
Davies	Keefe, S.	Nichols	Setzepfandt	Ulland, J.
Dieterich	Kirchner	Ogdahl	Sieloff	Vega
Dunn	Kleinbaum	Olhoft	Sikorski	Willet
Engler	Knaak	Olson	Sillers	
Gearly	Knoll	Penny	Solon	
Gunderson	Laufenburger	Perpich	Spears	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on

House File No. 1329 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1329 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1329

A bill for an act relating to aeronautics; providing representation for affected communities on airport zoning boards; regulating the process of airport zoning; directing the metropolitan airports commission to consider a certain alternative; amending Minnesota Statutes 1978, Sections 360.061, Subdivision 3; 360.063, Subdivision 3; 360.065; and 473.608, by adding a subdivision.

May 19, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1329, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1329 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 360.061, Subdivision 3, is amended to read:

Subd. 3. "Municipality" does not include a county unless the county owns or controls an airport, in which case such county may exercise all the powers granted by said sections to other municipalities. It specifically includes *a town, the metropolitan airports commissions created in and for contiguous cities of the first class commission established and operated pursuant to chapter 473, and the state of Minnesota.*

Sec. 2. Minnesota Statutes 1978, Section 360.063, Subdivision 3, is amended to read:

Subd. 3. [JOINT AIRPORT ZONING BOARD.] (1) Where an airport is owned or controlled by a municipality and any airport hazard area appertaining to such airport is located within the territorial limits of another county or municipality, the municipality owning or controlling the airport may request any county or municipality in which an airport hazard area is located:

(a) To adopt and enforce airport zoning regulations for the area in question that conform to minimum standards prescribed by the commissioner pursuant to subdivision 4; or

(b) To join in creating a joint airport zoning board pursuant to clause (2). The owning or controlling municipality shall determine which of these actions it shall request, *except as provided in clause (5) for the metropolitan airports commission. The request shall be made by certified mail to the governing body of each county and municipality in which an airport hazard is located.*

(2) Where an airport is owned or controlled by a municipality and any airport hazard area appertaining to such airport is located within the territorial limits of another county or municipality, the municipality owning or controlling the airport and the county or other municipality within which the airport hazard area is located may, by ordinance or resolution duly adopted, create a joint airport zoning board, which board shall have the same power to adopt, administer, and enforce airport zoning regulations applicable to the airport hazard area in question as that vested by subdivision 1 in the municipality within which such area is located. Each such joint board shall have as members two representatives appointed by the municipality owning or controlling the airport and two from the county or municipality, or in case more than one county or municipality is involved two from each county or municipality, in which the airport hazard is located, and in addition a chairman elected by a majority of the members so appointed. *All members shall serve at the pleasure of their respective appointing authority. Notwithstanding any other provision of law to the contrary, if the owning and controlling municipality is a city of the first class it shall appoint four members to the board, and the chairman of the board shall be elected from the membership of the board.*

(3) If any county or municipality ~~fails~~, within 60 days of receiving a request from an owning or controlling municipality pursuant to clause (1), ~~fails to adopt, or thereafter fails to enforce, such zoning regulations or fails to join in creating a joint airport zoning board as requested by the owning or controlling municipality, pursuant to clause (1), the owning or controlling municipality, or a joint airport zoning board created without participation by all the subdivisions in which airport hazard areas are located fail to join the board,~~ may itself adopt, administer, and enforce airport zoning regulations for the airport hazard area in question. In the event of conflict between such regulations and any airport zoning regulations adopted by the county or municipality within which the airport hazard area is located, the regulations of the municipality owning or controlling the airport or the joint zoning board shall govern and prevail.

(4) "Owning or controlling municipality," as used in this subdivision, includes:

(a) A joint airport operating board created pursuant to section 360.042 that has been granted all the powers of a municipality in zoning matters under the agreement creating the board;

(b) A joint airport operating board created pursuant to section 360.042 that has not been granted zoning powers under the agreement creating the board, provided that such a board shall not itself adopt zoning regulations nor shall any joint airport zoning

board created at its request adopt zoning regulations unless all municipalities that created the joint operating board join to create the joint zoning board; and

(c) *A The metropolitan airports commission established and operated pursuant to chapter 473.*

(5) *A The metropolitan airports commission may shall request creation of one joint airport zoning board for each airport or for the entire system of airports operated under its authority.*

Sec. 3. Minnesota Statutes 1978, Section 360.065, is amended to read:

360.065 [REGULATION, PROCEDURE FOR ADOPTION.]
 Subdivision 1. [NOTICE, HEARING.] No airport zoning regulations shall be adopted, amended or changed under sections 360.011 to 360.076, except by action of the governing body of the municipality or county in question, or the boards provided for in section 360.063, subdivisions 3 and 7, or by the commissioner as provided in subdivisions 6 and 8, after a public hearing in relation thereto hearings , at which parties in interest and citizens shall have an opportunity to be heard. ~~At least 15 days~~ *A public hearing shall be held on the proposed regulations before they are submitted for approval to the commissioner and after that approval but before final adoption by the local zoning authority.* Notice of ~~the a~~ *a hearing required pursuant to this subdivision shall be published by the local zoning authority at least three times during the period between 15 days and 5 days before the hearing in an official paper, or a paper of newspaper and in a second newspaper designated by that authority which has a wide general circulation , in the county in which is located the airport hazard area to be zoned area affected by the proposed regulations . The notice shall not be published in the legal notice section of a newspaper. Notice of a hearing shall also be mailed to the governing body of each political subdivision in which property affected by the regulations is located. Notice shall be given by mail at least 15 days before each hearing to any persons in municipalities that own land proposed to be included in safety zones A or B as provided in the rules of the department of transportation and to persons or municipalities that have previously requested such notice from the authority. For the purpose of giving mailed notice, the authority may use any appropriate records to determine the names and addresses of owners. A copy of the notice and a list of the owners and addresses to which the notice was sent shall be attested to by the responsible person and shall be made a part of the records of the proceedings. The failure to give mailed notice to individual property owners, or defects in the notice shall not invalidate the proceedings, provided a bona fide attempt to comply with this subdivision has been made. A notice shall describe the property affected by the proposed regulations and the restrictions to be imposed on the property by the regulations and shall state the place and time at which the proposed regulations are available for public inspection.*

Subd. 2. [REGULATIONS SUBMITTED TO COMMISSION-

ER.] Prior to the initial adopting any zoning of regulations for any airport hazard area under sections 360.011 to 360.076, the municipality, county, or joint airport zoning board which is to adopt the regulations shall submit its proposed regulations to the commissioner in order that he may determine whether it conforms to the minimum standards prescribed by him. He shall immediately examine such proposed regulations and report to the municipality, county, or joint airport zoning board his approval, or his objections, if any. If any objections are made by him on the ground that such regulations do not conform to the minimum standards prescribed by him for the class of airport involved, the municipality, county, or joint zoning board shall make such amendments as are necessary to meet such objections. The governing body of the municipality or county or the joint airport zoning board shall not hold its public meeting adopt the regulations or take other action until the proposed regulations are approved by the commissioner as conforming to such minimum standards. A copy of such regulations as adopted shall be filed with the county recorder in each county in which such zoned area is located.

Substantive rights existing prior to the passage of this subdivision and heretofore exercised shall not be affected by the filing of such regulations.

Sec. 4. Minnesota Statutes 1978, Section 473.608, is amended by adding a subdivision to read:

Subd. 21. The corporation shall establish one joint airport zoning board for each airport operated under its authority in accordance with section 360.063, subdivision 3, clause (5). Notwithstanding the provisions of section 360.065, subdivision 1, mailed notice to property owners is not required for hearings concerning adoption of zoning regulations by a joint airport zoning board for Minneapolis-St. Paul International Airport.

Sec. 5. *In assessing the need for the establishment of a new airport in the metropolitan area, as defined in section 473.121, the metropolitan airports commission shall consider the city of St. Cloud municipal airport as a possible site and shall report to the metropolitan council any amendments to the aviation chapter of the metropolitan development guide which would be necessary to implement the St. Cloud site.*

Sec. 6. *This act is effective the day after final enactment.*"

Further, amend the title by deleting it, and inserting:

"A bill for an act relating to aeronautics; changing the representation on joint airport zoning boards for cities of the first class; clarifying town representation on joint airport zoning boards; requiring the metropolitan airports commission to establish separate zoning boards for each airport under its control; providing additional notice and hearing requirements for adoption or amendment of airport zoning regulations; requiring the metropolitan airports commission to consider the St. Cloud municipal airport as the site of an additional airport; amending Minnesota Statutes

1978, Sections 360.061, Subdivision 3; 360.063, Subdivision 3; 360.065; and 473.608, by adding a subdivision."

We request adoption of this report and repassage of the bill.
House Conferees: (Signed) Arlene I. Lehto, Paul McCarron, Donald J. Valento, Warren (Tom) Stowell

Senate Conferees: (Signed) Sam G. Solon, James Ulland, Florian Chmielewski

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1329 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1329: A bill for an act relating to aeronautics; changing the representation on joint airport zoning boards for cities of the first class; clarifying town representation on joint airport zoning boards; requiring the metropolitan airports commission to establish separate zoning boards for each airport under its control; providing additional notice and hearing requirements for adoption or amendment of airport zoning regulations; requiring the metropolitan airports commission to consider the St. Cloud municipal airport as the site of an additional airport; amending Minnesota Statutes 1978, Sections 360.061, Subdivision 3; 360.063, Subdivision 3; 360.065; and 473.608, by adding a subdivision.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 54 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laufenburger	Perpich	Spear
Bang	Hughes	Lessard	Peterson	Staples
Benedict	Humphrey	Luther	Purfeerst	Stokowski
Bernhagen	Jensen	Menning	Rued	Strand
Chenoweth	Johnson	Merriam	Schaaf	Stumpf
Chmielewski	Keefe, J.	Nelson	Schmitz	Ueland, A.
Davies	Keefe, S.	Nichols	Setzepfandt	Ulland, J.
Dieterich	Kleinbaum	Ogdahl	Sieloff	Vega
Engler	Knaak	Olhoff	Sikorski	Wegener
Gearty	Knoil	Olson	Sillers	Willet
Gunderson	Knutson	Penny	Solon	

Messrs. Dunn, Kirchner and Pillsbury voted in the negative.

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Menning moved that H. F. No. 13 and the Conference Committee Report thereon be taken from the table. The motion prevailed.

CALL OF THE SENATE

Mr. Menning imposed a call of the Senate. The following Senators answered to their names:

Anderson	Gunderson	Lessard	Perpich	Spear
Bang	Hanson	Luther	Pillsbury	Staples
Benedict	Hughes	McCutcheon	Purfeerst	Stokowski
Bernhagen	Jensen	Menning	Rued	Strand
Chenoweth	Johnson	Merriam	Schaaf	Stumpf
Chmielewski	Keefe, J.	Nelson	Schmitz	Ueland, A.
Davies	Keefe, S.	Nichols	Setzepfandt	Ueland, J.
Dieterich	Kirchner	Ogdahl	Sieloff	Vega
Dunn	Kleinbaum	Olhoft	Sikorski	Wegener
Engler	Knaak	Olson	Sillers	Willet
Gearty	Knoll	Penny	Solon	

The Sergeant at Arms was instructed to bring in the absent members.

RECONSIDERATION

Mr. Davies moved that the vote whereby the Conference Committee Report on H. F. No. 13 was not adopted on May 21, 1979, be now reconsidered. The motion prevailed.

Mr. Menning moved that the recommendations and Conference Committee Report on H. F. No. 13 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 13: A bill for an act relating to obscenity; prohibiting the showing of obscene motion pictures at drive-in theatres; prescribing penalties.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Olson	Solon
Ashbach	Gunderson	Laufenburger	Penny	Stokowski
Bang	Hanson	Lessard	Purfeerst	Strand
Benedict	Hughes	Luther	Renneke	Stumpf
Bernhagen	Jensen	McCutcheon	Rued	Ueland, A.
Chenoweth	Johnson	Menning	Schaaf	Vega
Chmielewski	Keefe, J.	Merriam	Schmitz	Wegener
Dieterich	Kleinbaum	Moe	Setzepfandt	Willet
Dunn	Knaak	Nichols	Sieloff	
Engler	Knoll	Olhoft	Sikorski	

Those who voted in the negative were:

Brataas	Keefe, S.	Ogdahl	Sillers	Staples
Davies	Nelson	Perpich	Spear	Ueland, J.

So the bill, as amended by the Conference Committee, was re-

passed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 1243: A bill for an act relating to waters; limiting the rule making power of the commissioner of natural resources in regard to flood plain management; amending Minnesota Statutes 1978, Section 104.05.

Senate File No. 1243 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

CONCURRENCE AND REPASSAGE

Mr. Hanson moved that the Senate concur in the amendments by the House to S. F. No. 1243 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1243: A bill for an act relating to waters; limiting the rule making power of the commissioner of natural resources in regard to flood plain management; authorizing counties within the southern Minnesota river basin area II to levy an additional tax for flood control, improved water quality and erosion and sediment control; amending Minnesota Statutes 1978, Sections 104.05, 275.50, Subdivision 5.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Knutson	Penny	Sillers
Bang	Hanson	Laufenburger	Perpich	Solon
Benedict	Hughes	Lessard	Pillsbury	Spear
Bernhagen	Humphrey	Luther	Purfeerst	Staples
Chenoweth	Jensen	McCutcheon	Renneke	Stokowski
Chmielewski	Johnson	Merriam	Rued	Strand
Davies	Keefe, S.	Nelson	Schaaf	Stumpf
Dieterich	Kirchner	Nichols	Schmitz	Ueland, A.
Dunn	Kleinbaum	Ogdahl	Setzepfandt	Ulland, J.
Engler	Knaak	Olhoft	Sieloff	Vega
Gearty	Knoll	Olson	Sikorski	Wegener

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 618: A bill for an act relating to education; transferring certain functions of teacher licensing from the state board of education, the department of education and the commissioner of education to the board of teaching; eliminating the authority of the state board to require that superintendents have teaching experience; eliminating the requirement that certain rules of the board of teaching be approved by the board of education; reducing the membership of the board of teaching; requiring that the board of teaching adopt certain rules pursuant to chapter 15; eliminating certain requirements for rulemaking; providing that the expense of administering certain sections be paid for solely from appropriations made to the board of teaching; amending Minnesota Statutes 1978, Sections 125.05, Subdivisions 1 and 2; 125.08; 125.182, Subdivision 2; 125.183, Subdivisions 1 and 3; 125.185, Subdivisions 4, 4a, 6 and 9; and 179.63, Subdivisions 13 and 14; repealing Minnesota Statutes 1978, Section 125.182, Subdivision 4.

Senate File No. 618 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. Hughes moved that S. F. No. 618 be laid on the table. The motion prevailed.

Pursuant to Rule 21, Mr. Humphrey moved that the following members be excused at 4:30 o'clock p.m. for a Conference Committee on H. F. No. 261:

Messrs. Humphrey, Chenoweth, Anderson, Knoll and Ogdahl. The motion prevailed.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Tennesen moved that H. F. No. 360 be recalled from the House of Representatives for further consideration. The motion prevailed.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 59: A bill for an act relating to no-fault automobile insurance; modifying indemnification rights on certain commer-

cial vehicles; coordinating benefits with medicare; providing penalties for failure to provide security on motorcycles and motor vehicles; requiring evidence of insurance; authorizing the commissioner of insurance to limit coverage variations; increasing the interest rate on unpaid insurance benefits; amending Minnesota Statutes 1978, Sections 65B.53, Subdivision 1; 65B.54, Subdivision 2; 65B.61; 65B.67; 65B.68, by adding a subdivision; and Chapter 65B, by adding a section.

Senate File No. 59 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

CONCURRENCE AND REPASSAGE

Mr. Davies moved that the Senate concur in the amendments by the House to S. F. No. 59 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 59 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Engler	Knaak	Pillsbury	Solon
Bang	Gearty	Laufenburger	Purfeerst	Spear
Benedict	Gunderson	Lessard	Renneke	Stokowski
Bernhagen	Hanson	Menning	Rued	Strand
Chenoweth	Hughes	Merriam	Schaaf	Stumpf
Chmielewski	Humphrey	Nelson	Schmitz	Ueland, A.
Coleman	Jensen	Olhoft	Setzepfandt	Ulland, J.
Davies	Keefe, S.	Olson	Sieloff	Vega
Dieterich	Kirchner	Penny	Sikorski	
Dunn	Kleinbaum	Perpich	Sillers	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 974: A bill for an act relating to the city of Duluth; changing the definition of conflict of interest for the city housing finance agency staff; providing for the issuance of revenue bonds; amending Laws 1977, Chapter 142, Section 3, Subdivision 1, and by adding a subdivision.

Senate File No. 974 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

CONCURRENCE AND REPASSAGE

Mr. Ulland, J. moved that the Senate concur in the amendments by the House to S. F. No. 974 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 974 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 28 and nays 22, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Kirchner	Olson	Schmitz
Bang	Engler	Kleinbaum	Pillsbury	Sieloff
Bernhagen	Gearty	Knaak	Purfeerst	Solon
Brataas	Jensen	Laufenburger	Renneke	Ueland, A.
Chmielewski	Johnson	Lessard	Rued	
Dieterich	Keefe, S.	Olhoff	Schaaf	

Those who voted in the negative were:

Benedict	McCutcheon	Penny	Staples	Ulland, J.
Davies	Menning	Perpich	Stokowski	Vega
Gunderson	Merriam	Setzepfandt	Strand	
Hughes	Nelson	Sakorski	Stumpf	
Luther	Nichols	Spear	Tennessee	

So the bill, as amended, failed to pass.

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Anderson moved that S. F. No. 1074 be taken from the table. The motion prevailed.

CONCURRENCE AND REPASSAGE

Mr. Anderson moved that the Senate concur in the amendments by the House to S. F. No. 1074 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1074: A bill for an act relating to elections; increasing compensation for presidential electors; removing archaic language and masculine pronouns; amending Minnesota Statutes 1978, Sections 204A.23; 208.03; 208.04, Subdivision 1; 208.05; 208.06; 208.07; and 208.08.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	McCutcheon	Purfeerst	Staples
Bang	Hughes	Menning	Renneke	Stokowski
Benedict	Johnson	Merriam	Rued	Strand
Bernhagen	Keefe, S.	Nelson	Schaaf	Stumpf
Chmielewski	Kirchner	Nichols	Schmitz	Tennessee
Davies	Kleinbaum	Olhoft	Setzepfandt	Ueland, A.
Dieterich	Knaak	Olson	Sieloff	Ulland, J.
Dunn	Laufenburger	Penny	Sikorski	Vega
Engler	Lessard	Perpich	Solon	Wegener
Gearty	Luther	Pillsbury	Spear	

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

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 1351 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1351

A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1; and Chapter 473, by adding sections; repealing Minnesota Statutes 1978, Section 473.568.

May 21, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1351, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 1351 be amended as follows:

Strike everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Chapter 473, is amended by adding a section to read:

[473.572] [REVISED FINAL DETERMINATION.] *Subdivision 1. Notwithstanding any final determination reached by the commission on or before December 1, 1978, pursuant to section 473.571, subdivision 6, the commission shall make a revised determination on a sports facility or sports facilities which facility*

or facilities (1) may be covered, (2) may include use of the existing or a remodeled metropolitan stadium for baseball, and (3) shall be located in Hennepin County. The decision shall be made within 30 days after the effective date of this act. In making its decision the commission may rely on data previously submitted and reviewed pursuant to section 473.571 and need not require new data even if modifications are made in an alternative previously considered. The commission shall give full consideration to the needs of the University of Minnesota when making its revised determination.

Subd. 2. Except as provided in this section, the council shall make all determinations required by section 473.581, subdivision 3, before it authorizes the issuance of bonds.

Subd. 3. It is the intent of the legislature that the commission shall, to the maximum extent possible consistent with the provisions of section 473.581, subdivision 3, impose rates, rentals and other charges in the operation of the sports facility which will make the sports facility self supporting so that the taxes imposed under section 11 will be at the lowest possible rate consistent with the obligations of the political subdivision levying those taxes as provided in sections 473.551 to 473.595.

Sec. 2. Minnesota Statutes 1978, Section 473.553, Subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The commission shall consist of six members, appointed by the governor during the period before substantial completion of construction of sports facilities pursuant to sections 473.551 to 473.595 and thereafter as hereinafter provided, plus a chairman appointed as provided in subdivision 3. Initial appointments of members shall be made within 30 days of May 17, 1977. One member shall be appointed from each of the following combinations of metropolitan commission precincts defined in section 473.141, subdivision 2: A and B; C and G; D and E; F and H. Two members shall be appointed from outside the metropolitan area. Upon substantial completion of construction of the sports facility, vacancies occurring on the commission, whether at the completion of or prior to the completion of a member's term, shall be filled by the city council of the city in which the stadium is located.

Sec. 3. Minnesota Statutes 1978, Section 473.553, Subdivision 4, is amended to read:

Subd. 4. [QUALIFICATIONS.] Each member appointed prior to substantial completion of construction of a sports facility constructed pursuant to sections 473.551 to 473.595 shall be a resident of the precincts or area of the state for which he is appointed and . A member appointed at any time shall not during his term of office hold the office of metropolitan council member or be a member of another metropolitan commission or hold any judicial office or office of state government. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, Article 5, Section 6. The oath, duly certified by the official

administering it, shall be filed with the chairman of the metropolitan council.

Sec. 4. Minnesota Statutes 1978, Section 473.556, Subdivision 4, is amended to read:

Subd. 4. [EXEMPTION OF PROPERTY.] Any real or personal property acquired, owned, leased, controlled, used, or occupied by the commission for any of the purposes of sections 473.551 to 473.595 is declared to be acquired, owned, leased, controlled, used and occupied for public, governmental, and municipal purposes, and shall be exempt from taxation by the state or any political subdivision of the state, provided that such properties shall be subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any such properties in any manner different from their use under sections 473.551 to 473.595 at the time shall be considered in determining the special benefit received by the properties. All assessments shall be subject to final confirmation by the council, whose determination of the benefits shall be conclusive upon the political subdivision levying the assessment. *The provisions of this subdivision, insofar as they require exemption or special treatment, shall not apply to any real property at the metropolitan sports area which is leased by the commission for development pursuant to subdivision 6.*

Sec. 5. Minnesota Statutes 1978, Section 473.556, Subdivision 6, is amended to read:

Subd. 6. [DISPOSITION OF PROPERTY.] The commission may sell or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property shall be sold in the manner provided by section 458.196, insofar as practical and consistent with sections 473.551 to 473.595. *Real property at the metropolitan sports area (not including the indoor public assembly facility and adjacent parking facilities) which is no longer needed for sports facilities shall be sold or leased for commercial or industrial development in accordance with the procedures in section 458.196 within two years to a private, for-profit entity, and thereafter the property shall be subject to all applicable taxes and assessments and all government laws, regulations and ordinances bearing on use and development as if the property were privately owned.* The proceeds from the sale of any real property at the metropolitan sports area shall be paid to the council and used for debt service.

Sec. 6. Minnesota Statutes 1978, Section 473.556, Subdivision 7, is amended to read:

Subd. 7. [CONTRACTS.] The commission may contract for materials, supplies, and equipment in accordance with section 471.345, except that the commission may employ persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, construction manager, or contractor for both

design and construction, with respect to all or any part of a project to build or remodel sports facilities. ~~Such employment~~ *Contractors shall be selected through the process of public bidding, provided that it shall be permissible for the commission to narrow the listing of eligible bidders to those which the commission determines to possess sufficient expertise to perform the intended functions. Any such person, firm, or corporation construction manager or contractor shall certify, before the contracts are finally signed, a construction price and completion date to the commission and shall post a bond in an amount at least equal to 100 percent of the certified price, to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the commission or loss of revenues resulting from incomplete construction on the completion date. The commission shall secure surety bonds as required in section 574.26, securing payment of just claims in connection with all public work undertaken by it. Persons entitled to the protection of the bonds may enforce them as provided in sections 574.28 to 574.32, and shall not be entitled to a lien on any property of the commission under the provisions of sections 514.01 to 514.16.*

Sec. 7. Minnesota Statutes 1978, Section 473.581, Subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] The bonds shall be sold, issued, and secured in the manner provided in chapter 475 for bonds payable solely from revenues, except as otherwise provided in sections 473.551 to 473.595, and the council shall have the same powers and duties as a municipality and its governing body in issuing bonds under that chapter. The bonds may be sold at any price and at public or private sale as determined by the council. They shall be payable solely from tax and other revenues referred to in sections 473.551 to 473.595, shall not be a general obligation or debt of the council or of the commission, and shall not be included in the net debt of any city, county, or other subdivision of the state for the purpose of any net debt limitation, *provided that nothing herein shall affect the obligation of any political subdivision to levy a tax pursuant to an agreement made under the provisions of section 11.* No election shall be required. The principal amount shall not be limited except as provided in subdivision 3.

Sec. 8. Minnesota Statutes 1978, Section 473.581, Subdivision 3, as amended by Laws 1979, Chapter 26, Section 1, is amended to read:

Subd. 3. [LIMITATIONS.] The principal amount of the bonds issued pursuant to subdivision 1, clause (a), shall not exceed the amounts hereinafter authorized. If the commission's proposal and the construction contracts referred to in clause (g) of this subdivision provide for the construction of a covered multipurpose sports facility, *the total cost of constructing the facility under the construction contracts, not including costs paid from funds provided by others, and the principal amount of bonds issued pursuant to subdivision 1, clause (a), shall be limited to \$55,000,000.* If the commission's proposal and the construction contracts do not provide for the construction of a cover on a proposed multipurpose

sports facility and the commission does not otherwise contract for the construction or acquisition of a cover for the sports facility, the principal amount shall be limited to \$42,000,000. If the site for the facility is in the county of Anoka, no more than \$3,000,000 of additional bonds may be issued for land acquisition, clearance, relocation and legal costs referred to in clauses (d) and (e) of this subdivision in connection with the construction of a multi-purpose stadium. If the commission's proposal and the construction contracts provide for the construction of a new sports facility for football and soccer and for remodeling the existing metropolitan stadium for baseball, the principal amount shall be limited to \$37,500,000. If the commission's proposal and the construction contracts provide for the reconstruction and remodeling of the existing metropolitan stadium as an uncovered multipurpose sports facility, the principal amount shall be limited to \$25,000,000. The bonds issued pursuant to subdivision 1, clause (a), shall bear an average annual rate of interest, including discount, not in excess of seven and one-half percent. The proceeds of the bonds issued pursuant to subdivision 1, clause (a), shall be used only for the acquisition and betterment of sports facilities suitable for baseball, football and soccer, with a seating capacity for football and soccer of approximately 65,000 persons. The council shall issue its bonds and construction of sports facilities may commence when the council has made the following determinations:

(a) The commission has executed agreements with major league professional baseball and football organizations to use its sports facilities for all scheduled regular season home games and play-off home games and, in the case of the football organization, for at least one-half of its exhibition games played each season. The agreements shall be for a period of not more than 30 years nor less than the term of the longest term bonds that in the council's judgment it may find it necessary to issue to finance the acquisition and betterment of the commission's sports facilities. *The agreements may contain provisions negotiated between the organizations and the commission which provide for termination upon conditions related and limited to the bankruptcy, insolvency, or financial capability of the organization.* The agreements shall provide that, in the event of breach of the agreements, the defaulting organization shall pay damages annually to the commission. The annual payment shall be in an amount equal to the annual average of all revenue derived by the commission from attendance at events and activities of the defaulting organization during the years prior to default, provided that the damages shall not exceed in any year an amount sufficient, with other revenues of the commission *but excluding proceeds of the taxes under section 11*, to pay all expenses of operation, maintenance, administration, and debt service for the facilities used by the defaulting organization during the same year. The damages shall be payable during the period from the occurrence of the default to the date on which another major league professional baseball or football organization, replacing the defaulting organization, enters into a use agreement with the com-

mission for not less than the then remaining term of the original agreement. The agreements with the teams shall provide that no closed circuit or pay television broadcasting of events in the sports facility may be allowed without the approval of the commission. The agreements shall include provisions protecting the commission and the council in the event of change in ownership of the professional teams.

(b) The commission has executed agreements with professional baseball and football major leagues which guarantee the continuance of franchises in the metropolitan area for the period of the agreements referred to in clause (a).

(c) The proceeds of bonds provided for in this subdivision will be sufficient, together with other capital funds that may be available to the commission, to construct or remodel and to furnish the sports facilities proposed by the commission, including the appropriate professional fees and charges but excluding, except as otherwise provided in this subdivision, the acquisition, clearance, relocation, and legal costs referred to in clauses (d) and (e).

(d) The commission has acquired, without cost to the commission or the council except as provided in this subdivision, title to all real property including all easements and other appurtenances needed for the construction and operation of any proposed sports facilities or has received a grant of funds or has entered into an agreement or agreements sufficient in the judgment of the council to assure the receipt of funds, at the time and in the amount required, to make any payment upon which the commission's acquisition of title and possession of the real property is conditioned.

(e) The commission has received a grant of funds or entered into an agreement or agreements sufficient in the judgment of the council to assure the receipt of funds, at the time and in the amount required, to pay all costs, except as provided in this subdivision, of clearing the real property needed for the construction and operation of any proposed sports facilities of all buildings, railroad tracks and other structures, including without limitation all relocation costs, all utility relocation costs, and all legal costs.

(f) The commission has executed agreements with appropriate labor organizations and construction ~~contractor organizations~~ *contractors* which provide that no labor strike or management lockout will halt, delay or impede construction.

(g) The commission has executed ~~contracts~~ *agreements which will provide* for the construction of its sports facilities *for a certified construction price and completion date and which include performance bonds in an amount at least equal to 100 percent of the certified price to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the commission or loss of revenues resulting from incomplete construction on the completion date.*

(h) The environmental impact statement for the sports facility or facilities has been accepted by the environmental quality board, and the pollution control agency and any other department, agency, or unit of government have taken ~~final action to approve or deny~~

any permits necessary for the actions necessary to permit the construction of the sports facility or facilities.

(i) At least 50 percent of the private boxes provided for in the commission's proposal for the sports facility or facilities are sold or leased for at least five years.

(j) The anticipated revenue from the operation of the sports facility or facilities plus any additional available revenue of the commission and the revenue from the taxes under section 11 will be an amount sufficient to pay when due all debt service plus all operating and maintenance expenses, unless the proposed facility is a covered multipurpose sports facility, in which case the aforementioned revenues need only be an amount sufficient to pay when due all debt service plus a substantial portion of all administration, operating and maintenance expense.

(k) The commission has studied and considered the needs of the university of Minnesota for athletic facilities for a prospective 20 year period.

(l) The municipality where the facility is to be constructed has entered into an agreement as contemplated in section 11.

(m) The commission has entered into an agreement or agreements with a purchaser or purchasers of tickets of admission for a period of not less than 20 years which will assure that, if the professional football organization cannot comply with the provisions of section 473.568, whenever more than 90 and less than 100 percent of the tickets of admission for seats at any professional football game, which were available for purchase by the general public 120 hours or more before the scheduled beginning time of the game either at the sports facility where the game is to be placed or at the box office closest to the sports facility, have been purchased 72 hours or more before the beginning time of the game, then all of such tickets which remain unsold will be purchased in sufficient time to permit the telecast to areas within the state which otherwise would not receive the telecast because of the terms of an agreement in which the professional football league has sold or otherwise transferred all or part of the rights of the league's member organizations in the sponsored telecasting of games of the organizations. The party or parties agreeing to the purchase of such unsold tickets shall be obligated for a period of at least 20 years in an amount determined by the council to be sufficient to assure the purchase of all such unsold tickets. An agreement or agreements satisfying the requirements of this clause shall free the professional football organization from the prohibition otherwise imposed on it by section 473.568.

(n) The council has entered into an agreement with the brokerage firm or brokerage firms to be used in connection with the issuance and sale of the bonds guaranteeing that fees and charges payable to the brokerage firm or firms in connection therewith, including any underwriting discounts, shall not exceed fees and charges customarily payable in connection with the issuance and sale of bonds secured by the pledge of the full faith and credit of the municipality in which any new sports facility is to be located.

The validity of any bonds issued under subdivision 1, clause (a), and the obligations of the council and commission related thereto, shall not be conditioned upon or impaired by the council's determinations made pursuant to this subdivision. For purposes of issuing the bonds the determinations made by the council shall be deemed conclusive, and the council shall be and remain obligated for the security and payment of the bonds irrespective of determinations which may be erroneous, inaccurate, or otherwise mistaken.

Sec. 9. Minnesota Statutes 1978, Session 473.581, Subdivision 4, as amended by Laws 1979, Chapter 26, Section 1, is amended to read:

Subd. 4. [SECURITY.] To the extent and in the manner provided in ~~section sections 11 and 473.595, the taxes described in section 11, the tax and other revenues of the commission described in section 473.595, and any other revenues of the commission shall be and remain pledged and appropriated for the payment of all necessary and reasonable expenses of the operation, administration, maintenance, and debt service of the commission's sports facilities until all bonds referred to in section 473.564, subdivision 2, and all bonds and certificates issued pursuant to this section are fully paid or discharged in accordance with law. The revenue bonds and interest thereon referred to in section 473.564, subdivision 2, may be refunded, whether at a lower or a higher rate of interest, by the issuance of new bonds pursuant to subdivision 1, clause (b), for the purpose of pledging revenues of the metropolitan sports area for the payment and security of bonds issued hereunder, and the council may provide that a portion of the new bonds shall be payable solely from the interest earnings derived from the investment of the bond proceeds. Until these revenue bonds are fully paid or the council's obligation thereon is discharged in accordance with law they shall be deemed a first and prior charge on those revenues and shall be secured by all provisions of the revenue bond resolution and the ownership and operations agreement. Bonds issued pursuant to this section and bonds referred to in section 473.564, subdivision 2, may be secured by a bond resolution, or by a trust indenture entered into by the council with a corporate trustee within or outside the state, which shall define the tax and other revenues pledged for the payment and security of the bonds. The pledge shall be a valid charge on the tax and other revenues referred to in sections 473.551 to 473.595 from the date when bonds are first issued or secured under the resolution or indenture and shall secure the payment of principal and interest and redemption premiums when due and the maintenance at all times of a reserve securing such payments. No mortgage of or security interest in any tangible real or personal property shall be granted to the bondholders or the trustee, but they shall have a valid security interest in all tax and other revenues received and accounts receivable by the commission or council hereunder, as against the claims of all other persons in tort, contract, or otherwise, irrespective of whether such parties have notice thereof, and without possession or filing as provided in the uniform commer-~~

cial code or any other law. In the bond resolution or trust indenture the council may make such covenants, which shall be binding upon the commission, as are determined to be usual and reasonably necessary for the protection of the bondholders. No pledge, mortgage, covenant, or agreement securing revenue bonds may be impaired, revoked, or amended by law or by action of the council or, commission, or city, except in accordance with the terms of the resolution or indenture under which the bonds are issued, until the obligations of the council thereunder are fully discharged.

Sec. 10. Minnesota Statutes 1978, Section 473.581, Subdivision 5, as amended by Laws 1979, Chapter 26, Section 1, is amended to read:

Subd. 5. [REVENUE ANTICIPATION CERTIFICATES.] At any time or times after approval by the council and final adoption by the commission of an annual budget of the commission for operation, administration, and maintenance of its sports facilities, and in anticipation of *the proceeds from the taxes under section 11 and the revenues of the commission provided for in the budget*, but subject to any limitation or prohibition in a bond resolution or indenture, the council may authorize the issuance, negotiation, and sale, in such form and manner and upon such terms as it may determine, of revenue anticipation certificates. The principal amount of the certificates outstanding shall at no time exceed 25 percent of the total amount of the tax and other revenues anticipated. The certificates shall mature not later than three months after the close of the budget year. Prior to the approval and final adoption of the first annual budget of the commission, the council may authorize up to \$300,000 in revenue anticipation certificates under this subdivision. So much of the anticipated tax and other revenues as may be needed for the payment of the certificates and interest thereon shall be paid into a special debt service fund established for the certificates in the council's financial records. If for any reason the anticipated tax and other revenues are insufficient, the certificates and interest shall be paid from the first tax and other revenues received, subject to any limitation or prohibition in a bond resolution or indenture. The proceeds of the certificates may be used for any purpose for which the anticipated revenues ~~of the commission or taxes~~ may be used or for any purpose for which bond proceeds under subdivision 1 may be used, provided that the proceeds of certificates issued after the ~~first issuance of bonds under subdivision 1, clause (a)~~ effective date of this act, shall not be used to pay capital costs of sports facilities constructed or remodeled pursuant to sections 473.551 to 473.595.

Sec. 11. Minnesota Statutes 1978, Chapter 473, is amended by adding a section to read:

[473.592] [TAX REVENUES.] *Subdivision 1. [LOCAL SALES TAX.] Upon designation of a location for a sports facility pursuant to section 1, the municipality in which the facility is to be located may enter into an agreement with the metropolitan council and the commission which requires the municipality to impose a sales tax, supplemental to the general sales tax imposed in chap-*

ter 297A, for the purposes and in accordance with the requirements specified in sections 473.551 to 473.595. The tax may be imposed on the gross receipts from all retail on-sales of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor establishments and municipal liquor stores located within the municipality, or on the gross receipts from the furnishing for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming house, tourist court, or trailer camp located within the municipality, or on both. The agreement between the municipality, the metropolitan council, and the commission shall require the municipality to impose the tax or taxes at whatever rate or rates may be necessary to produce revenues which are determined by the council from year to year to be required, together with the revenues available to the commission, to pay when due all debt service on bonds and revenue anticipation certificates issued under section 473.581, all debt service on bonds referred to in section 473.564, subdivision 2, and all expenses of operation, administration, and maintenance of the sports facilities. The agreement shall provide for the suspension, reimposition, reduction, or increase in tax collections upon determination by the metropolitan council that such actions are appropriate or necessary for the purposes for which the tax is imposed, provided that the balance in the debt service fund or funds, including any reserve for debt service, shall be maintained at least at an amount sufficient to pay the principal and interest on bonds which will become due within the next succeeding one year period and, except as otherwise provided by agreement, shall not be maintained at an amount greater than that required to pay principal and interest on bonds which will become due within the next succeeding two year period. The agreement shall be executed by the city, after approval by resolution of the city council and before the issuance of the bonds under section 473.581 and commencement of construction, and shall constitute a contract with and for the security of all holders of the bonds and revenue anticipation certificates secured by the tax. A sports facility shall not be constructed or remodeled in a municipality which has not entered into an agreement in accordance with this section. The tax shall be reported and paid to the commissioner of revenue with and as part of the state sales and use taxes, and shall be subject to the same penalties, interest, and enforcement provisions. The collections of the tax, less refunds and a proportionate share of the costs of collection, shall be remitted at least quarterly to the metropolitan council. The commissioner of revenue shall deduct from the proceeds remitted to the council an amount that equals the indirect statewide costs as well as the direct and indirect department costs necessary to administer, audit, and collect this tax. The amount deducted shall be deposited in the general fund of the state. The proceeds remitted shall be placed, together with the net revenues of the commission under section 473.595, into the debt service fund or reserve or special funds, established under section 473.581, and any funds established to secure payment of operating deficits of the commission. The proceeds may be used for payment of debt service on bonds and revenue anticipation certificates issued under section

473.581, debt service on bonds referred to in section 473.564, subdivision 2, and expenses of operation, administration, and maintenance of the sports facilities. The proceeds shall not be used for any capital costs of sports facilities constructed under sections 473.551 to 473.595, except that the proceeds may be used to pay interest on bonds during the construction period.

Subd. 2. [METROPOLITAN LIQUOR TAX.] All proceeds of the liquor tax collected by the council pursuant to the provisions of Minnesota Statutes 1978, Section 473.591, prior to August 1, 1979, not otherwise expended or applied as provided in chapter 473, together with any earnings derived from the investment of such revenues, may be used for any purpose for which the tax revenues under subdivision 1 may be used.

Sec. 12. Minnesota Statutes 1978, Section 473.595, Subdivision 1, is amended to read:

473.595 [COMMISSION FINANCES.] Subdivision 1. [ADMISSION TAX.] Effective January 1, 1978, the commission shall by resolution impose a three percent admission tax upon the granting, sale, or distribution, by any private or public person, association, or corporation, of the privilege of admission to activities; except for those activities sponsored by nonprofit organizations and conducted at the indoor public assembly facility at the metropolitan sports area known as the metropolitan sports center. Commencing with the operation of sports facilities constructed or remodeled by the commission pursuant to sections 473.551 to 473.595, the commission shall impose an additional seven percent admission tax upon activities conducted at such sports facilities. Effective January 1, 1978, no other tax, except the taxes imposed by chapter 297A, may be levied by any other unit of government upon any such sale or distribution. The admission tax shall be stated and charged separately from the sales price so far as practicable and shall be collected by the grantor, seller, or distributor from the person admitted and shall be a debt from that person to the grantor, seller, or distributor, and the tax required to be collected shall constitute a debt owed by the grantor, seller, or distributor to the commission, which shall be recoverable at law in the same manner as other debts. Every person granting, selling, or distributing tickets for such admissions may be required, as provided in resolutions of the commission, to secure a permit, to file returns, to deposit security for the payment of the tax, and to pay such penalties for nonpayment and interest on late payments, as shall be deemed necessary or expedient to assure the prompt and uniform collection of the tax.

Sec. 13. Minnesota Statutes 1978, Section 473.595, is amended by adding a subdivision to read:

Subd. 7. [SALE OF SEATS.] The commission may sell seats in any multipurpose sports facility constructed after June 30, 1979 at prices and subject to conditions consistent with this section. Ownership of a seat shall give the owner first preference for purchase of a season ticket of admission for professional sports exhibitions with a right to be seated in the owned seat. An

owner may sell or otherwise transfer his rights on whatever terms he chooses. Rights to a seat may not be divided. No fee may be charged for a transfer of ownership of a seat. The commission may charge a maintenance fee not exceeding \$10 per year for each seat.

Sec. 14. [HIGHWAY USER TAX DISTRIBUTION FUND.]
So long as the tax imposed pursuant to article XIV, section 10, of the Minnesota Constitution is at or below the rate fixed by law on January 1, 1979, no money derived from the highway user tax distribution fund shall be used to construct, relocate, or improve any streets, highways, or other public thoroughfares, except ones included in the municipal state aid street system established pursuant to article XIV, section 4, if such work is done in order to provide or improve access to a new sports facility constructed pursuant to sections 473.551 to 473.595. The commissioner of transportation shall determine whether expenditures are in violation of this section.

Sec. 15. *Pursuant to article VI, section 2 of the Minnesota Constitution the supreme court shall have original jurisdiction of any action brought or maintained in which an issue is presented as to the validity of a provision of sections 1 to 14 of this act, and may hear and determine the issue as provided in title V of the rules of civil appellate procedure, after notice given as provided in rule 144.*

Sec. 16. *This act is effective the day following final enactment in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."*

Further, strike the title and insert:

"A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; changing certain provisions relating to the powers and duties of the metropolitan council and sports facilities commission; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; providing expedited court procedures; limiting use of the highway user tax distribution fund; authorizing local taxes; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.556, Subdivisions 4, 6, and 7; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1, and by adding a subdivision; and Chapter 473, by adding sections."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Steve Keefe, A. O. H. Setzepfandt, Jim Nichols, Tom Nelson, Nancy Brataas

House Conferees: (Signed) Al W. Patton, Joel Jacobs, William Schreiber, Douglas W. Carlson, Jim Evans

CALL OF THE SENATE

Mr. Keefe, S. imposed a call of the Senate. The following Senators answered to their names:

Anderson	Gearly	Menning	Purfeerst	Staples
Bang	Gunderson	Merriam	Renneke	Stokowski
Benedict	Johnson	Nelson	Rued	Strand
Bernhagen	Keefe, S.	Nichols	Schaaf	Stumpf
Coleman	Kirchner	Olhoft	Schmitz	Tennessee
Davies	Kleinbaum	Olson	Setzepfandt	Ueland, A.
Dieterich	Knaak	Penny	Sieloff	Ulland, J.
Dunn	Lessard	Perpich	Sikorski	Vega
Engler	McCutcheon	Pillsbury	Spear	

The Sergeant at Arms was instructed to bring in the absent members.

Mr. Keefe, S. moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1351 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 1351 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 39 and nays 18, as follows:

Those who voted in the affirmative were:

Bang	Hanson	Lessard	Peterson	Solon
Bernhagen	Humphrey	Menning	Pillsbury	Staples
Chmielewski	Jensen	Merriam	Purfeerst	Stokowski
Coleman	Johnson	Nelson	Rued	Strand
Dunn	Keefe, S.	Nichols	Schaaf	Ueland, A.
Engler	Kirchner	Olson	Schmitz	Ulland, J.
Frederick	Kleinbaum	Penny	Setzepfandt	Wegener
Garty	Knoll	Perpich	Sillers	

Those who voted in the negative were:

Benedict	Hughes	Luther	Sieloff	Stumpf
Davies	Knaak	McCutcheon	Sikorski	Tennessee
Dieterich	Knutson	Olhoft	Spear	Vega
Gunderson	Laufenburger	Renneke		

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that S. F. No. 406 be withdrawn from the Subcommittee on Bill Scheduling and be placed on the Special Orders Calendar. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Messages from the House.

MESSAGES FROM THE HOUSE

Mr. President:

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

S. F. No. 420: A bill for an act relating to agriculture; changing the eligibility requirements for a family farm security loan; changing the eligibility standards for payment adjustments received pursuant to a family farm security loan; amending Minnesota Statutes 1978, Sections 41.55; and 41.57, Subdivision 3.

Senate File No. 420 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

CONCURRENCE AND REPASSAGE

Mr. Nichols moved that the Senate concur in the amendments by the House to S. F. No. 420 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 420 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Knutson	Olson	Stokowski
Ashbach	Engler	Laufenburger	Penny	Strand
Bang	Frederick	Lessard	Perpich	Stumpf
Benedict	Gearly	Luther	Peterson	Tennessee
Bernhagen	Gunderson	McCutcheon	Pillsbury	Ueland, A.
Brataas	Hanson	Menning	Purfeerst	Ulland, J.
Chenoweth	Hughes	Merriam	Rued	Vega
Chmielewski	Johnson	Nelson	Schaaf	Wegener
Coleman	Kirchner	Nichols	Setzepfandt	Willet
Davies	Knaak	Ogdahl	Sikorski	
Dieterich	Knoll	Olhoft	Staples	

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

RECONSIDERATION

Mr. Perpich moved that the vote whereby S. F. No. 1351 was passed by the Senate on May 21, 1979, be now reconsidered. The motion prevailed.

CALL OF THE SENATE

Mr. Chenoweth imposed a call of the Senate. The following Senators answered to their names:

Anderson	Frederick	Laufenburger	Perpich	Spear
Bang	Gearly	Lessard	Peterson	Staples
Benedict	Gunderson	Luther	Pillsbury	Stokowski
Bernhagen	Hanson	McCutcheon	Purfeerst	Strand
Brataas	Hughes	Menning	Renneke	Stumpf
Chenoweth	Jensen	Merriam	Rued	Ueland, A.
Chmielewski	Keefe, S.	Nelson	Schaaf	Ulland, J.
Coleman	Kirchner	Nichols	Schmitz	Vega
Davies	Kleinbaum	Ogdahl	Setzepfandt	Wegener
Dieterich	Knaak	Olhoft	Sieloff	
Dunn	Knoll	Olson	Sikorski	
Engler	Knutson	Penny	Sillers	

The Sergeant at Arms was instructed to bring in the absent members.

S. F. No. 1351: A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admissions tax; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1; and Chapter 473, by adding sections; repealing Minnesota Statutes 1978, Section 473.568.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 42 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Humphrey	Lessard	Perpich	Staples
Bang	Jensen	Menning	Peterson	Stokowski
Bernhagen	Johnson	Merriam	Pillsbury	Strand
Brataas	Keefe, J.	Moe	Purfeerst	Ueland, A.
Chmielewski	Keefe, S.	Nelson	Rued	Ulland, J.
Dunn	Kirchner	Nichols	Schaaf	Wegener
Engler	Kleinbaum	Ogdahl	Schmitz	
Frederick	Knoll	Olson	Setzepfandt	
Gearly	Laufenburger	Penny	Sillers	

Those who voted in the negative were:

Ashbach	Dieterich	Knutson	Renneke	Stumpf
Benedict	Gunderson	Luther	Sieloff	Vega
Chenoweth	Hughes	McCutcheon	Sikorski	Willet
Davies	Knaak	Olhoft	Spear	

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

RECESS

Mr. Coleman moved that the Senate do now recess until 7:00 o'clock p.m. The motion prevailed.

The hour of 7:00 o'clock p. m. having arrived, the President called the Senate to order.

MEMBERS EXCUSED

Mr. Frederick was excused from the Session of today at 4:00 o'clock p. m. Mr. Keefe, J. was excused from the Session of today until 8:15 o'clock p.m.

Pursuant to Rule 21, Mr. Laufenburger moved that the following members be excused for a Conference Committee on H. F. No. 360:

Messrs. Laufenburger, Nichols and Keefe, S. The motion prevailed.

CALL OF THE SENATE

Mr. Davies imposed a call of the Senate. The following Senators answered to their names:

Anderson	Dunn	Knaak	Perpich	Staples
Benedict	Engler	Knoll	Peterson	Strand
Bernhagen	Frederick	Lessard	Pillsbury	Tennessee
Brataas	Gearty	Luther	Rued	Ulland, J.
Chenoweth	Gunderson	McCutcheon	Schmitz	Willet
Chmielewski	Hanson	Menning	Setzepfandt	
Coleman	Jensen	Merriam	Sieloff	
Davies	Johnson	Nelson	Sikorski	
Dieterich	Kirchner	Penny	Spear	

The Sergeant at Arms was instructed to bring in the absent members.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S. F. No. 188.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 202: A bill for an act relating to health; providing for several types of life support transportation service; providing for health systems agencies to be involved in the licensing process; providing factors to be used in making licensing recommendations; providing for standards for services; forbidding inquiry as to ability to pay before provision of life support transportation services; requiring rules for nonemergency transportation reimbursement under medical assistance; exempting certain providers; amending Minnesota Statutes 1978, Sections 144.801; 144.802; 144.803; 144.804; 144.805; 144.807, Subdivision 1; 144.808; 144.809 and 144.8091, Subdivision 1.

Four members of the House have been appointed to such committee on the part of the House as follows:

Swanson; Carlson, L.; Reif and Forsythe.

Senate File No. 202 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to the following House File:

H. F. No. 588: A bill for an act relating to the county of Anoka; authorizing the county to enter into agreements with the Anoka State Hospital for community mental health services.

Four members of the House have been appointed to a Conference Committee on the part of the House as follows:

Weaver, Dean, Berglin and Greenfield.

House File No. 588 is herewith transmitted to the Senate with the request that the Senate appoint a Conference Committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

Mr. Anderson moved that the Senate accede to the request of the House for a Conference Committee on H. F. No. 588, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 914 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 914: A bill for an act relating to retirement; providing for continued membership in public safety employee pension funds for certain current public safety employees who may not have the power of arrest with a warrant; amending Minnesota Statutes 1978, Sections 352B.01, Subdivision 2; and 353.64, Subdivision 1.

House File No. 914 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 914

A bill for an act relating to retirement; providing for continued membership in public safety employee pension funds for certain

current public safety employees who may not have the power of arrest with a warrant; amending Minnesota Statutes 1978, Sections 352B.01, Subdivision 2; and 353.64, Subdivision 1.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 914, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 914 be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1978, Section 352B.01, Subdivision 2, is amended to read:

Subd. 2. “Member” means (a) all of the persons referred to and employed on and after July 1, 1943 pursuant to the provisions of Laws 1929, Chapter 355, and all acts amendatory thereof and supplementary thereto, currently employed by the state, whose salaries or compensation is paid out of funds of the state of Minnesota; (b) Any conservation officer employed under the provisions of section 97.50, currently employed by the state, whose salary or compensation is paid out of funds of the state; and (c) any crime bureau officer *who was employed by the crime bureau and was a member of the highway patrolmen’s retirement fund on July 1, 1978, whether or not that person has the power of arrest by warrant after that date, or who is employed as police personnel, with powers of arrest by warrant, pursuant to the provisions of section 299C.04, and who is currently employed by the state, and whose salary or compensation is paid out of funds of the state.*

~~Member~~ *The term “member” shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive employment and training act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution.*

Sec. 2. Minnesota Statutes 1978, Section 353.64, Subdivision 1, is amended to read:

353.64 [MEMBERSHIP; QUALIFICATIONS; POLICE OFFICER, FIRE FIGHTER.] Subdivision 1. Any person who prior to July 1, 1961, was a member of the police and fire fund, by virtue of being a police officer or fire fighter, shall as long as he remains in either position, be deemed to continue his membership in said fund. *Any person who was employed by a governmental subdivision as a police officer and was a member of the police and fire fund on July 1, 1978 by virtue of being a police officer as defined by this section on that date shall be entitled, if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, to continue membership in the fund whether or not that person has the power of arrest by warrant after that date.* Any other employee serving on a full-time basis as a police officer or fire fighter on or after July 1, 1961, shall become a member of the public employees police and fire fund. Any employee serving on less than a full-time basis as a police officer or fire fighter, as determined by the rules prescribed by the board of trustees, shall become a member of the public employees police and fire fund only after a resolution is adopted by the governing body of the governmental subdivision employing such person declaring that the position such person holds is either that of a police officer or fire fighter. Any police officer or fire fighter who by virtue of his employment is required to contribute to any other pension, relief, or retirement fund established for the benefit of officers and employees of a governmental subdivision shall not be a member of this fund.

Sec. 3. *Notwithstanding section 11 of H. F. No. 746, section 9 of H. F. No. 746 as finally enacted by the 1979 legislature shall be effective August 1, 1979.*"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Al W. Patton, John J. Sarna, John S. Biersdorf, Dean E. Johnson

Senate Conferees: (Signed) Eugene E. Stokowski, Roger E. Strand, Harmon T. Ogdahl

Mr. Stokowski moved that the foregoing recommendations and Conference Committee Report on H. F. No. 914 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 914: A bill for an act relating to retirement; providing for continued membership in public safety employee pension funds for certain current public safety employees who may not have the power of arrest with a warrant; amending Minnesota Statutes 1978, Sections 352B.01, Subdivision 2; and 353.64, Subdivision 1.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 52 and nays 0, as follows:

Those who voted in the affirmative were:

Ashbach	Gearly	Luther	Pillsbury	Spear
Bang	Gunderson	McCutcheon	Purfeerst	Stokowski
Benedict	Hanson	Menning	Renneke	Strand
Bernhagen	Hughes	Merriam	Rued	Stumpf
Brataas	Humphrey	Moe	Schaaf	Tennessee
Chenoweth	Jensen	Ogdahl	Schmitz	Ueland, A.
Chmielewski	Johnson	Olhoff	Setzepfandt	Ulland, J.
Dieterich	Keefe, J.	Olson	Sieloff	Willet
Dunn	Kleinbaum	Penny	Sikorski	
Engler	Knaak	Perpich	Sillers	
Frederick	Lessard	Peterson	Solon	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee on the amendments adopted by the House to the following Senate File:

S. F. No. 486: A bill for an act relating to education; changing the requirements for membership on the state university board and on the state board for community colleges; amending Minnesota Statutes 1978, Sections 126.12, Subdivision 1; and 136.61, Subdivision 1.

Four members of the House have been appointed to such committee on the part of the House as follows:

Ainley; Jennings; Johnson, C. and Nelson.

Senate File No. 486 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 19, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 521 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 521: A bill for an act relating to the city of St. Cloud; authorizing sale of liquor at the Municipal Sports Complex.

Senate File No. 521 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1351 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1351: A bill for an act relating to metropolitan government; providing for financing of metropolitan sports facilities; authorizing a revised site determination and establishing conditions for issuance of bonds; providing for appointment of members of the metropolitan sports facilities commission; exempting events sponsored at the metropolitan sports center from the three percent admission tax; appropriating money; amending Minnesota Statutes 1978, Sections 473.553, Subdivisions 2 and 4; 473.581, Subdivisions 2, 3, as amended, 4, as amended, and 5, as amended; 473.595, Subdivision 1; and Chapter 473, by adding sections; repealing Minnesota Statutes 1978, Section 473.568.

Senate File No. 1351 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Solon moved that the name of Mr. Schaaf be added as co-author to S. F. No. 1406. The motion prevailed.

Mr. Ulland, J. moved that the name of Mr. Schaaf be added as co-author to S. F. No. 1212. The motion prevailed.

Mr. Sikorski moved that the name of Mr. Nelson be added as co-author to S. F. No. 1597. The motion prevailed.

RECONSIDERATION

Mr. Ulland, J. moved that the vote whereby S. F. No. 974 failed to pass the Senate on May 21, 1979, be now reconsidered. The motion prevailed.

Mr. Ulland, J. moved that the Senate do not concur in the amendments by the House to S. F. No. 974 and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a Conference Committee to be appointed on the part of the House. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the adoption by the House of the following House Concurrent Resolution, herewith transmitted:

House Concurrent Resolution No. 8: A House Concurrent Resolution relating to adjournment until 1980.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

House Concurrent Resolution No. 8: A house concurrent resolution relating to adjournment until 1980.

BE IT RESOLVED, by the House of Representatives, the Senate concurring, that upon their adjournment May 21, 1979, the House of Representatives may set its next day of meeting for January 22, 1980 at 12:00 noon and the Senate may set its next day of meeting for January 22, 1980 at 12:00 noon.

BE IT FURTHER RESOLVED, that this resolution is the consent of each house for the other to adjourn for more than three days following May 21, 1979.

Mr. Hanson moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

SPECIAL ORDER

H. F. No. 740: A bill for an act relating to Ramsey County; changing the day of county board meetings; amending Laws 1974, Chapter 435, Section 2.05, Subdivision 1, as amended.

Mr. Stumpf moved to amend H. F. No. 740 as follows:

Page 1, line 15, delete "*time and date*" and insert "*times and dates*"

Page 1, after line 17, insert:

"Sec. 2. Laws 1974, Chapter 435, Section 3.02, Subdivision 6, as amended by Laws 1978, Chapter 745, Section 1, is amended to read:

Subd. 6. [CLASSIFICATION OF SERVICE.] (a) [DEFINITION OF COVERAGE.] The officers and employees of Ramsey county and of a county or joint county and city agency, board, commission or committee supported in whole or in part by taxation upon the taxable property of the county, or appointed by the judges of the district court or probate court for the county, or by a board or agency composed of representatives of the county and a city in the county and employees employed in hospitals, preventoria, county nursing homes, and the welfare department are divided into the unclassified and classified service.

(b) [UNCLASSIFIED SERVICE.] The unclassified service comprises:

(1) An officer elected by popular vote or a person appointed to fill a vacancy in such an office.

(2) The head or principal administrative officer of a separate department of county government or agency created by law, the director of the welfare department.

(3) A chief deputy or principal assistant for each elected public official and for the county engineer and veterans' service officer.

(4) Each doctor, intern, student nurse and intern dietician employed by the county or a county agency.

(5) Each member of the teaching staff, supervisor and principal in the employ of the county, actually engaged in teaching or the supervision of teaching.

(6) A member of a board or commission appointed by the county, or the county and the city, or acting in an advisory capacity.

(7) A weed inspector, election judge, election clerk or other employee employed by the county for a limited period of time.

(8) A special police officer or special deputy sheriff serving without pay.

(9) A judge, court administrator, court reporter, receiver, referee, examiner or assistant examiner of titles, public defender, arbitrator, juror, clerk of probate court or a person appointed by the district or probate courts to make or conduct a special inquiry of a judicial and temporary character.

(10) The director of court services and three principal assistants or division supervisors.

(11) The employees of the municipal court of Ramsey county.

(12) The principal administrative officer of the detention and corrections department, his first assistant, the superintendent of each departmental facility and his first assistant or chief deputy.

(13) The chief executive officer of St. Paul-Ramsey Hospital and seven principal assistants.

(14) The executive secretary or the principal administrative officer of the county and seven principal assistants, appointed and terminated by the executive secretary or the principal administrative officer, except that until January 1, 1980 such appointments and terms shall be submitted to the Ramsey county government study commission. Such consideration shall be advisory only.

(15) The Ramsey county sheriff, his chief deputy, two principal assistants and a personal secretary.

(16) The Ramsey county attorney, his first assistant, one principal assistant, and a personal secretary.

(c) [CLASSIFIED SERVICE.] (1) The classified service includes all other offices or employments in the county and county agencies, and all officers and employees not expressly placed in the unclassified service.

(2) Each employee in the classified service is placed in a graded division except an employee whose position is in a certified bargaining unit as defined under the public employment labor relations act and an employee in an ungraded division established by the county board. The ungraded division, if one is established, includes each employee in a construction trade who is engaged in the work

of repair, alteration or construction of buildings for which trade there is a generally established and recognized scale of wages inside the county.

(3) (A) The superintendent and assistant superintendent of the Ramsey county nursing home are in the classified service.

(B) The provisions of Minnesota Statutes, Section 393.07, Subdivision 5, are hereby superseded insofar as they may be inconsistent with this section.

Sec. 3. Funds appropriated for the Lake Owasso Children's Home pursuant to Laws 1975, Chapters 242, Section 2, and 434, Section 2, Subdivision 17, may be disbursed to renovate and rehabilitate the home in addition to any other purpose provided by law or contract."

Page 1, line 18, delete "This act is" and insert "Sections 1 and 2 are"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon insert "amending the Ramsey County code by amending the civil service section; providing for certain unclassified employees; defining purposes for which funds appropriated for the Lake Owasso Children's Home may be spent;"

Page 1, line 4, delete "Section" and insert "Sections"

Page 1, line 4, before the period insert "; and 3.02, Subdivision 6, as amended"

The motion prevailed. So the amendment was adopted.

H. F. No. 740 was then progressed.

The question recurred on H. F. No. 852.

SPECIAL ORDER

H. F. No. 852: A bill for an act relating to schools; requiring school boards to allow official representatives of military forces reasonable access to certain school facilities for recruitment presentations; amending Minnesota Statutes 1978, Section 123.36, by adding a subdivision.

Was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 53 and nays 2, as follows:

Those who voted in the affirmative were:

Ashbach	Chmielewski	Frederick	Johnson	Luther
Bang	Coleman	Gearty	Kleinbaum	McCutcheon
Benedict	Davies	Hanson	Knaak	Menning
Bernhagen	Dieterich	Hughes	Knoll	Merriam
Brataas	Dunn	Humphrey	Knutson	Moe
Chenoweth	Engler	Jensen	Lessard	Nelson

Olhoft	Pillsbury	Setzepfandt	Stokowski	Vega
Olson	Purfeerst	Sieloff	Strand	Wegener
Penny	Renneke	Sikorski	Stumpf	Willet
Perpich	Rued	Solon	Ueland, A.	
Peterson	Schaaf	Staples	Ulland, J.	

Messrs. Gunderson and Spear voted in the negative.

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

The question recurred on H. F. No. 740.

SPECIAL ORDER

H. F. No. 740: A bill for an act relating to Ramsey County; changing the day of county board meetings; amending Laws 1974, Chapter 435, Section 2.05, Subdivision 1, as amended.

Mr. Chmielewski moved to amend H. F. No. 740 as amended by the Stumpf amendment, as follows:

Page 1, after line 17, insert:

“Sec. 4. Minnesota Statutes 1978, Section 349.26, Subdivision 12, is amended to read:

Subd. 12. No compensation shall be paid to any person in connection with the operation of a gambling device or the conduct of a raffle by a licensed organization *except a licensed organization may elect to pay a percent of raffle ticket sales to nonprofit organizations selling for the licensed organization.* No person who is not an active member of an organization, or its auxiliary, or the spouse or surviving spouse of an active member may participate in the organization's operation of a gambling device or conduct of a raffle *except the licensed organization may utilize non-member nonprofit organizations in raffle ticket sales.*”

Amend the title, as amended by the Stumpf amendment, as follows:

Page 1, line 3, after the semicolon, insert “authorizing nonprofit organizations to participate in raffle ticket sales with licensed organizations;”

Page 1, line 4, before the period, delete “and” and insert “; and 349.26, Subdivision 12”

The motion prevailed. So the amendment was adopted.

H. F. No. 740 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 38 and nays 15, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Merriam	Setzepfandt	Strand
Benedict	Hanson	Nelson	Sieloff	Stumpf
Chenoweth	Hughes	Olhoft	Sikorski	Ulland, J.
Chmielewski	Humphrey	Olson	Sillers	Vega
Coleman	Jensen	Perpich	Solon	Wegener
Davies	Keefe, J.	Peterson	Spear	Willet
Dieterich	Lessard	Schaaf	Staples	
Engler	Luther	Schmitz	Stokowski	

Those who voted in the negative were:

Ashbach	Dunn	Kirchner	McCutcheon	Renneke
Bernhagen	Frederick	Knaak	Menning	Rued
Brataas	Gunderson	Knutson	Pillsbury	Ueland, A.

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

SPECIAL ORDER

S. F. No. 702: A bill for an act relating to health; requiring counties to establish local nursing home pre-admission screening teams; prescribing duties of the teams and the commissioner of public welfare; appropriating money; amending Minnesota Statutes 1978, Chapter 256B, by adding a section.

Mrs. Staples moved to amend S. F. No. 702 as follows:

Page 2, line 11 after "*needs.*" insert "*The individual's physician may elect to be a member of the screening team. If the physician who so elects disagrees with the findings of the team, the county agency shall automatically appeal the case and the individual can be placed in the nursing home. The nursing home shall be reimbursed for the patient's care until the case has been decided.*"

The motion prevailed. So the amendment was adopted.

S. F. No. 702 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 36 and nays 21, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Laufenburger	Pillsbury	Tennessee
Benedict	Hanson	Luther	Schaaf	Ulland, J.
Chenoweth	Hughes	McCutcheon	Sikorski	Vega
Coleman	Humphrey	Merriam	Sillers	Willet
Davies	Jensen	Nelson	Solon	
Dieterich	Johnson	Ogdahl	Spear	
Dunn	Keefe, S.	Olhoft	Staples	
Gearly	Knoll	Perpich	Stumpf	

Those who voted in the negative were:

Ashbach	Kirchner	Olson	Schmitz	Wegener
Bernhagen	Knaak	Penny	Setzepfandt	
Chmielewski	Knutson	Peterson	Sieloff	
Engler	Lessard	Renneke	Strand	
Frederick	Menning	Rued	Ueland, A.	

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

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1467 and repassed said bill in accordance with the report of the Committee so adopted.

House File No. 1467 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1467

A bill for an act relating to state employees; providing for wage and fringe benefits for certain state employees; ratifying collective bargaining agreements; amending Minnesota Statutes 1978, Sections 43.01, Subdivision 14; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 16, 17, 23, 24, 25, and by adding subdivisions; 43.122, Subdivision 5; 43.17, Subdivision 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.50, Subdivision 1; 43.51; and 645.44, Subdivision 5.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1467, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 1467 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE I

Section 1. [TEMPORARY PROVISION: WAGE AND ECONOMIC FRINGE BENEFITS; AGREEMENTS APPROVED.] *Subdivision 1. [PREAMBLE.] The legislature finds that public employees provide a significant public service to the people of Minnesota. The legislature further finds that there is a need to study, clarify and change the laws relating to civil service and public employee labor relations in order to preserve equity in public employment wages, promote employee morale, expedite labor negotiations, and promote efficient management in the state civil service.*

Subd. 2. The commissioner of personnel is authorized to implement those provisions of the agreements negotiated with the Minnesota state employees union, American federation of state, county and municipal employees, Council No. 6, AFL-CIO, the Minnesota teamsters public and law enforcement employees union, local No. 320, the international union of operating engineers, locals No. 34 and 49, the independent Minnesota association of government employees, the Minnesota highway patrol officers' association, the bureau of criminal apprehension association of forensic scientists, the bureau of criminal apprehension agents association, the Minnesota state university association of administrative and service faculty/Teamsters, the professional employee pharmacists of Minnesota, the middle management association, the Minnesota community college faculty association,

the Minnesota conservation officers association, the Minnesota highway patrol supervisors association, the Minnesota nurses association, the Minnesota government engineers council, the association of institutional dentists, the state residential schools education association, the Minnesota administrative hearing officers association, the inter-faculty organization/Minnesota education association, and the Minnesota state fire/arson investigators and fire inspectors, local No. S-13, I.A.F.F., which establish wages and economic fringe benefits.

Sec. 2. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.985] [LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS.] *Subdivision 1. [ESTABLISHMENT.] There is created the legislative commission on employee relations. The commission shall consist of six members of the senate and six members of the house of representatives. The senate members shall include the majority leader, the minority leader, the chairman of the governmental operations committee, the chairman of the finance committee, the chairman of the tax committee, and an additional member designated by the minority leader, or their designees. The house members shall include the speaker, the minority leader, the chairman of the governmental operations committee, the chairman of the appropriations committee, the chairman of the tax committee, and an additional member designated by the minority leader, or their designees. In the event that the membership of the house is evenly divided, the house members shall be selected pursuant to the rules of the house. The commission shall elect its own officers who shall serve for terms of two years. The chairmanship of the commission shall alternate between a member of the senate and a member of the house.*

Subd. 2. [STATE EMPLOYEE NEGOTIATIONS.] Prior to the commencement of collective bargaining activities with state employees, the commission shall conduct hearings at which public employees, representatives of public employees and the commissioner of personnel shall be allowed to testify as to their beginning negotiating positions. The commissioner of personnel shall regularly advise the commission on the progress of collective bargaining activities with state employees pursuant to the state public employment labor relations act. The commission may make recommendations to the commissioner as it deems appropriate. The commissioner shall submit to the chairman of the commission any negotiated agreements or arbitration awards which the commissioner has approved within five days of the making thereof. If the commission disapproves of any agreement or award, the commission shall specify in writing to the parties those portions with which it disagrees and the reasons therefor. Upon receipt of the notice of disapproval from the commission, the commissioner of personnel will reopen the negotiations. If the commission approves of an agreement or award, it shall cause the matter to be submitted to the legislature to be accepted or rejected pursuant to section 179.74. Failure of the commission to disapprove of affected portions of an agreement or award within 30 days of its receipt shall

be deemed approval. Approval or disapproval by the commission shall not be binding on the entire legislature.

Subd. 3. [OTHER DUTIES.] In addition to the duties specified in subdivision 2, the commission shall perform the following:

(a) Continually monitor the state's civil service system, Chapter 43, and collective bargaining process, Sections 179.61 to 179.76, as applied to state employees;

(b) Research and analyze the need for improvements in those statutory sections; and

(c) Perform such other related functions as are delegated to it by the legislature.

Sec. 3. [DEFINITIONS.] Subdivision 1. As used in sections 3 to 7, the terms defined in this section have the meanings given them.

Subd. 2. "State agency" means every department and agency in the executive branch of state government having more than 40 state funded positions, but not including the constitutional officers, the state university system, the community college system nor the University of Minnesota.

Subd. 3. "State-funded positions" means all full-time equivalent personnel positions however authorized, except those funded entirely by federal money and those which provide direct care to residents at state hospitals.

Subd. 4. "Normal attrition" means vacancies occurring due to voluntary resignations, retirements, and deaths. It does not include vacancies due to involuntary dismissals and terminations.

Sec. 4. [REDUCTION OF STATE LABOR FORCE.] Subdivision 1. **[PLAN PREPARATION.]** The commissioner of finance shall submit to the chairmen of the senate finance and house appropriations committees, and the legislative commission on employee relations by October 1, 1980, a plan for reducing the number of state funded positions pursuant to sections 3 to 7 during the 1981-1983 biennium. The plan shall include (1) a description of the number and types of reductions in positions, (2) an analysis of how the reductions coordinate with departmental long range program plans, and (3) an analysis of the ratio of supervisory to non-supervisory employees in the agency.

The commissioner of finance shall, in consultation with the commissioner of personnel, prescribe procedures by which each state agency shall submit to the commissioner of finance the information necessary for him to comply with sections 3 to 7. The position reduction program shall be integrated to the extent possible with the program budgeting system and the evaluation of program functions conducted as part of the budgeting process.

Subd. 2. [PLAN APPROVAL.] Notwithstanding the provisions of sections 5 to 7, the plan prepared pursuant to subdivision 1 shall not be implemented until it has been reviewed by the senate finance committee and the house appropriations committees. The senate finance and house appropriations committees may accept,

reject, or modify the plan. Any provisions of the plan which are accepted shall be submitted to the entire legislature for its approval.

Sec. 5. [POSITION REDUCTIONS.] Subdivision 1. [VACANT POSITIONS.] The commissioner of finance shall cancel every state funded position that has remained vacant for more than 90 days, unless (a) the commissioner of personnel has certified that the position has not been filled because the department of personnel was unable to certify any names pursuant to section 43.18, or (b) an exception has been requested pursuant to subdivision 4. If the exception is denied, the position shall be cancelled.

Subd. 2. [NORMAL ATTRITION.] The total number of state funded positions authorized on July 1, 1981, shall be reduced by up to four percent. Reductions shall be accomplished solely by cancellation pursuant to subdivision 1 and normal attrition. Subject to the needs of the state agency, the reductions shall be distributed among salary schedules in approximate proportion to the number of employees in each schedule. Positions providing custodial control of inmates of state correctional institutions, maintenance of state highways, or enforcement of state laws on state highways or public lands and waters shall not be eliminated unless the agency shows that it has no other feasible and prudent alternative. To the maximum extent feasible, one-half of the reduction shall be accomplished by June 30, 1982, and the remainder by June 30, 1983.

Subd. 3. [TRANSFERS.] A state agency may transfer positions to another agency pursuant to Minnesota Statutes, Section 16.125, but the number of positions on July 1, 1981 for each agency affected shall be adjusted to reflect the transfer. A position that is eliminated by transferring an employee to part-time, seasonal, or other status of employment by the same state agency does not count as a position reduction for purposes of meeting the goals set by this section.

Subd. 4. [EXCEPTIONS; SHIFTS.] Where the position cancellations and reductions required by this section would unduly impair the ability of a state agency to perform the duties assigned to it, the state agency may apply to the commissioner of finance for an exception permitting the agency to avoid the cancellation or make a lesser reduction than would otherwise be required.

Sec. 6. [SPENDING PLANS.] Subdivision 1. [TRANSFERS.] A state agency shall not transfer any money to or from personal services as shown on the official worksheets of the conferees of the senate and house of representatives, a true copy of which is on file in the office of the commissioner of finance, without the written approval of the commissioner of finance.

Subd. 2. [SALARY SAVINGS.] The commissioner of finance shall reduce the amount allotted or to be allotted to each state agency by the amount of any saving that can be effected upon previous spending plans through the position reductions required by section 5.

Sec. 7. [REPORTING AND REVIEW.] *Subdivision 1. The commissioner of personnel shall report monthly to the commissioner of finance the number of vacancies occurring in each state agency due to normal attrition.*

Subd. 2. The commissioner of finance shall report monthly to the chairmen of the senate finance and house appropriations committees and to the legislative commission on employee relations the number of vacancies occurring in each state agency due to normal attrition, the number of state funded positions that have been eliminated as required by section 5, and a summary of personnel employed by each state agency showing by fund the number of full-time and full-time equivalent state funded and federal positions and the number of persons actually employed by the agency.

Subd. 3. The legislative commission on employee relations shall periodically review the progress of the state agencies in meeting the requirements of section 5.

Sec. 8. Minnesota Statutes 1978, Section 15.0411, Subdivision 2, is amended to read:

Subd. 2. "Agency" means any state officer, board, commission, bureau, division, department, or tribunal, other than a court, having a statewide jurisdiction and authorized by law to make rules or to adjudicate contested cases. "Agency" also means the capitol area architectural and planning board. Sections 15.0411 to 15.052 do not apply to (a) agencies directly in the legislative or judicial branches, (b) emergency powers in sections 12.31 to 12.37, (c) corrections board and pardon board, (d) the unemployment insurance program in the department of economic security, (e) the director of mediation services, (f) the workers' compensation division in the department of labor and industry, (g) the workers' compensation court of appeals, (h) board of pardons, or (i) the department of military affairs. Sections 15.0418 to 15.0426 do not apply to the Minnesota municipal board or the public employment relations board.

Sec. 9. Minnesota Statutes 1978, Section 15A.13, is amended to read:

15A.13 [OTHER TERMS AND CONDITIONS OF EMPLOYMENT.] The annual salaries prescribed by chapter 15A for positions in the unclassified service of the executive branch of the state government are in addition to other terms and conditions of their employment as now or hereafter prescribed by law or the commissioner of personnel pursuant to section 43.127, Subdivision 6.

Sec. 10. Minnesota Statutes 1978, Section 16A.123, is amended to read:

16A.123 [APPROVED COMPLEMENT.] The approved complement set for an agency by law limits the number of persons who may be employed by personnel positions in the agency at any one time. The approved complement does not apply to independent contractors. In addition to the approved complement, part-time employees, seasonal or intermittent employees as

defined by the commissioner of personnel, summer student help, service workers, preservice trainees employed pursuant to affirmative action programs approved by the commissioner of personnel, CETA employees, or employees engaged in repair or construction projects may be employed with the advance approval of the commissioner of finance who shall determine the need for them and that money is available. The approved complement applies to persons employed by positions in the agency regardless of the fund or appropriation from which they are paid. If more than one approved complement figure for an agency is shown in a law, the figures may be taken as cumulative, or a larger figure may be taken as a total or subtotal of related smaller figures, as the context indicates. Approved complement figures for an agency shown in separate laws enacted at the same biennial session of the legislature are cumulative.

Additional full-time ~~employees~~ positions over the number of the approved complement may be ~~employed~~ created on the basis of public necessity or emergency. If the ~~employee~~ position is to be paid from a ~~direct~~ an appropriation of money other than federal money, the addition shall not be made without the written approval of the governor. The governor shall not approve the addition until after he has consulted with the legislative advisory commission and the commission has made its recommendation on the matter. The recommendation is advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation. If the ~~employee~~ position is ~~not~~ to be paid from a ~~direct~~ an appropriation of federal money, the addition may be made with the written approval of the commissioner of finance who shall determine the need for it and that money is available. The commissioner of finance shall promptly notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the additions.

Sec. 11. Minnesota Statutes 1978, Section 43.01, Subdivision 10, is amended to read:

Subd. 10. [POSITION.] "Position" means ~~an office, position, or employment~~ a group of current duties and responsibilities assigned or delegated by competent authority, requiring the full time or part time employment of one person.

Sec. 12. Minnesota Statutes 1978, Section 43.01, Subdivision 11, is amended to read:

Subd. 11. [APPOINTING AUTHORITY.] "Appointing authority" means ~~the appointing officer or authority of any state office or department~~ a person or group of persons empowered by the constitution, by statute, or executive order to employ or to make appointments to positions in the state civil service.

Sec. 13. Minnesota Statutes 1978, Section 43.01, Subdivision 14, is amended to read:

Subd. 14. [RECLASSIFICATION.] "~~Reallocation~~" "Reclassification" means a ~~reassignment~~ reallocation, or change in allocation,

of an individual position by raising it to a higher class, reducing it to a lower class, or moving it to another class at the same level, on the basis . A reclassification shall be considered a "reallocation" when the reclassification is the result of significant changes over a period of time in the kind, difficulty, or responsibility of the work performed in such position. A reclassification shall be considered a "change in allocation" when the reclassification is the result of changes in the organizational structure of an agency or abrupt changes in the duties and responsibilities of the position.

Sec. 14. Minnesota Statutes 1978, Section 43.01, is amended by adding a subdivision to read:

Subd. 23. [PERMANENT.] "Permanent" means the employment status of an employee in the classified civil service who has been appointed to a position after successfully completing an initial probationary period as set forth in section 43.21.

Sec. 15. Minnesota Statutes 1978, Section 43.05, Subdivision 2, is amended to read:

Subd. 2. [SPECIFIED DUTIES.] The commissioner shall:

(1) Attend all meetings of the board;

(2) Prepare Promulgate personnel rules for the purpose of carrying out the provisions of this chapter; these rules shall provide, among other things, for current records of efficiency, and standards of performance, for all officers and employees subject to the provisions of this chapter; the manner of completing appointments and promotions; rejection of eligible candidates; examinations; retention of examination records under the provisions of section 138.163; creation of eligible lists, with successful candidates ranked according to their ratings in the examinations; leaves of absence with and without pay; transfers, reinstatements, layoffs, vacations, and hours of work; public notice of examinations; procedure for changes in rates of pay; compulsory retirement at fixed ages; and other conditions of employment. If a rule is made concerning sick leave for illness in the immediate family of an employee, the term "immediate family" shall be limited to the spouse, minor or dependent children, or parent where the parent has no other person to provide the necessary nursing care, living in the household of the employee;

(3) Appoint temporary and permanent employees and officers as are necessary to carry out the provisions of this chapter; these employees and officers shall be chosen in accordance with and shall be subject to, the provisions of this chapter;

(4) Keep in the office of the department of personnel an official roster of the state civil service Operate an information system from which data can be retrieved concerning employees in agencies under his jurisdiction showing the their employment history of each and every person who has been appointed to, employed, promoted, reduced, or reinstated in any position in the service; which roster shall show, in connection with each name, histories including the date of appointment, employment, promotion,

~~reduction demotion~~, reinstatement, increases or decreases in pay, the compensation and title of the position, changes in title, transfers, ~~sick or annual leaves~~, and separations from the service; and the commissioner shall have access to all public records and ~~papers private personnel data kept by an appointing authority~~, the examination of which will aid in the discharge of his duty in connection with the ~~roster duties~~;

~~(5)~~ (4) Prepare, in accordance with the provisions of this chapter and the rules adopted hereunder, examinations, eligible lists, and ratings of candidates for appointment;

~~(6)~~ (5) Make certifications for appointment within the classified service, in accordance with the provisions of this chapter;

(7) (6) Make investigations concerning all matters touching the enforcement and effect of the provisions of this chapter and the personnel rules prescribed hereunder;

~~(8)~~ (7) Discharge such duties as are imposed upon him by this chapter;

~~(9)~~ (8) Establish, publish and continually review logical career paths in the classified civil service;

~~(10)~~ (9) Consider all requests for other than state appropriated funds from any state department or agency for personnel purposes all of which shall be submitted to him for comment before any such request is made of a federal, local, or private agency; and

~~(11)~~ (10) Prepare rules regulating the temporary placement ~~designation~~ of positions in the unclassified civil service;

~~(12)~~ (11) Review, establish or change titles for the positions in the unclassified civil service in the executive branch of state government except those established by law or by the constitution, to make titles descriptive of positions and consistent throughout the state service; and

~~(13)~~ (12) In conformance with the rule making provisions of chapter 15, promulgate a code of ethics establishing standards of conduct to be observed by state employees in the performance of their official duties.

Sec. 16. Minnesota Statutes 1978, Section 43.055, is amended to read:

43.055 [EXTENT OF AUTHORITY.] Whenever any power or authority is given to the commissioner of personnel by any provision of ~~chapters 15A or chapter 43~~, such power or authority shall extend to all ~~departments agencies~~ in the executive branch, but shall not extend to any ~~subdivisions or~~ employees in the judicial branch or legislative branch. The classified employees in the office of the legislative auditor, the Minnesota state retirement system, and teachers retirement association, however, shall be subject to the powers or authority of the commissioner of personnel.

Sec. 17. Minnesota Statutes 1978, Section 43.064, is amended to read:

43.064 [OTHER SALARIES SET BY COMMISSIONER OF PERSONNEL.] Notwithstanding any other law to the contrary, ~~salaries compensation~~ for all unclassified positions in the executive branch not enumerated in the listing described in section 15A.081, shall be established by the commissioner of personnel except for the following: (1) ~~positions listed in section 15A.083;~~ (2) positions listed in section 299D.03; (3) (2) employees in the office of the governor whose salaries shall be determined by the governor; (4) (3) employees in the office of the attorney general; (5) (4) positions in the state university system, the community college system, and in the higher education coordinating board whose primary duties consist of instructing and counseling students, directing academic programs of schools, divisions or departments of colleges and community colleges, or conducting research on academic subjects, *or conducting academic support programs*; and the positions of state university *and community college* presidents. Individual salaries for positions enumerated in clauses (3) and (4) and (5) ~~for classified hearing examiners in the office of hearing examiners~~ shall be determined by the attorney general, the state university board, the state board for community colleges, ~~and the higher education coordinating board, and the chief hearing examiner~~, respectively, within the limits of salary plans which shall have been approved by the commissioner of personnel before becoming effective.

No provision of any subsequent law relating to salaries of state employees shall be construed as inconsistent with this section unless it is expressly provided in such subsequent act that the provisions of this section shall not be applicable or shall be superseded, amended, or repealed.

Sec. 18. Minnesota Statutes 1978, Section 43.09, Subdivision 2, is amended to read:

Subd. 2. [UNCLASSIFIED SERVICE.] The unclassified *civil* service comprises positions held by state ~~officers or~~ employees who are:

(1) Chosen by election or appointed to fill an elective office;

(2) Heads of department required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, divisions and institutions specifically established by law, except that with respect to state institutions, the provisions of section 246.02 are hereby continued in effect; provided, this clause shall not apply to heads of divisions now existing in the department of labor and industry, ~~nor to the director of the division of vocational rehabilitation in the department of education~~;

(3) Except as herein otherwise enlarged, one private secretary to each of the elective officers of this state, and in addition thereto, one deputy, clerk, or employee to the secretary of state, state auditor, and state treasurer;

(4) Intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;

(5) Employees in the offices of the governor and of the lieutenant governor, and one confidential employee for the governor in the office of the adjutant general;

(6) Officers and employees of the senate and house of representatives of the legislature including temporary or permanent employees of legislative committees or commissions. Employees of the legislative audit commission, except for the legislative auditor, his deputy, and his confidential secretary, however, shall be employees in the classified civil service of the state;

(7) Teachers, research assistants, student employees on less than half-time pay basis or eligible under terms of the federal economic opportunity act work study program, presidents, deans, and administrative officers in the state universities and community colleges; but this clause shall not be construed to include the custodial, clerical, or maintenance employees, or any administrative officers, or clerical workers performing duties in connection with the business administration of these institutions;

(8) Officers and enlisted persons in the national guard;

(9) Attorneys, legal assistants, examiners, and three confidential employees appointed by the attorney general or employed with his authorization;

(10) All courts and all employees thereof, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the department of labor and industry;

(11) ~~Patient and inmate help in state institutions;~~

(12) Members of the state highway patrol; provided that selection and appointment of highway patrol officers troopers shall be made in accordance with applicable laws governing the classified state civil service;

(13) ~~The deputy commissioner of agriculture, and the deputy director and assistant director of the Minnesota pollution control agency;~~

(14) ~~One employee of the state treasurer, for the purpose of receiving and safekeeping assets deposited and maintained with the state treasurer, pursuant to Laws 1943, Chapter 591, and whose salary or compensation is to be reimbursed to the state under said act;~~

(15) (12) Seasonal help employed by the department of revenue;

(16) (13) Employees of the department of administration permanently assigned to the ceremonial house ;

(14) Examination monitors and intermittent training instructors employed by the department of personnel;

(15) *Student workers*;

(16) *Unclassified pursuant to other statutory authority* .

Sec. 19. Minnesota Statutes 1978, Section 43.09, Subdivision 2a, is amended to read:

Subd. 2a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Notwithstanding any other law to the contrary, the personnel board, upon the request of the governor, is hereby authorized to establish permanent unclassified positions, or to unclassify previously classified positions, provided that:

(1) Positions so established involve only deputy or assistant heads of departments or agencies, or director level positions which are not specifically established by law, and who are appointed by and report directly to a head of a department or agency who is required by law to be appointed by the governor, or by a gubernatorially appointed board; as well as one position for a personal secretary of any head of a department or agency listed in clause (4).

(2) Classified incumbents of such positions, if any, are not removed from that position for a period of one year except under applicable provisions of rules and laws governing classified state employees. An incumbent of a position that is declassified pursuant to this subdivision, if he so requests within 120 days after being removed from that position, shall be appointed to a classified position comparable to the position that was declassified, or if such a position is unavailable, to a position comparable to that which he held immediately prior to being appointed to the position that was declassified. If a position is declassified and the incumbent at the time the position was declassified had no classified status immediately prior to the appointment to the position that was declassified, he shall, if he so requests within 120 days after being removed from that position, be appointed to a comparable or lower classified position within two salary ranges of the position that was declassified.

(3) If an employee in the classified civil service accepts a newly created unclassified position, he shall retain an inactive classified civil service status and, upon his request, shall be reappointed to a classified position comparable to that which he held immediately prior to being appointed to the *unclassified* position that was declassified .

(4) Positions so established are limited in number to six in the departments of administration, corrections, economic security, finance, transportation, natural resources, public safety, public welfare, and revenue; to five in the departments of commerce, education, health, labor and industry, and personnel and the *housing finance agency* ; to four in the departments of agriculture, and economic development; to three in the department of public service, the planning agency, and the pollution control agency; and to two in the departments of human rights , the *crime control planning board* and veterans affairs. Departments or agencies not enumerated in this clause shall not be authorized to establish

additional unclassified positions under the provisions of this subdivision.

(5) Funds are available.

Sec. 20. Minnesota Statutes 1978, Section 43.12, Subdivision 2, is amended to read:

Subd. 2. [SALARY RANGES.] The following procedure will be used in establishing rates of pay for all state employees in the classified civil service whose positions are assigned to classes in the professional salary schedule, which schedule shall be known as salary schedule "A". Classes shall be assigned salary ranges within an area of compensation beginning at a prescribed minimum monthly rate of pay and extending upward by a maximum of 33 additional salary increments. Salary range assignments for each class of employment in this schedule shall include no more than ten salary steps. Effective July 6, 1977 4, 1979, the prescribed minimum monthly rate of pay shall be ~~\$932~~ \$981. The maximum monthly rate of pay shall be ~~\$3,304~~ \$3,598.

Sec. 21. Minnesota Statutes 1978, Section 43.12, Subdivision 3, is amended to read:

Subd. 3. All employees whose rates of pay are established according to salary schedule "A", effective July 6, 1977 4, 1979, shall be advanced in salary from their rate of pay and step in salary range immediately preceding that date to the comparable step in the new salary range for their class or to the new minimum rate of pay for their class, whichever rate is greater.

Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 6, 1977, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range. In the event the maximum rate established for a classification as of July 6, 1977, is equal to or less than the employee's salary on July 5, 1977, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 5, 1977.

Sec. 22. Minnesota Statutes 1978, Section 43.12, Subdivision 5, is amended to read:

Subd. 5. The following procedure shall be used to establish rates of pay for all state employees in the classified civil service whose positions are assigned to classes in the maintenance and related trades schedule, which schedule shall be known as salary schedule "B". Classes shall be assigned an orientation and base rate, one consecutive wage step apart. The orientation rate shall be paid during the first six calendar months of service and the base rate shall be paid commencing at the beginning of the pay period nearest the completion of six calendar months of service. In assigning rates of pay to classes of work covered by this schedule, the commissioner shall give primary consideration to the median of rates paid by other public and private employers for similar types of work. Supplementary pay practices shall be evaluated and costs considered in comparing the rates being paid by other

employers. The commissioner is authorized to establish a percentage differential based upon full annual employment and tenure where such advantages are not common in employment outside of the state service.

Effective July 6, 1977, 4, 1979, the minimum hourly rate of pay in the salary schedule "B" shall be \$4.71 \$5.38. The schedule shall provide for 19 additional wage steps with a maximum rate of \$8.21 \$9.51 per hour. Effective July 2, 1980, the hourly rates of pay in salary schedule B shall each be increased by 2-1/2 percent, rounded to the nearest cent.

Notwithstanding any provision of this chapter to the contrary, the commissioner is authorized to establish (a) hourly equipment rates to provide appropriate compensation to employees intermittently engaged in operating maintenance equipment, (b) an hourly rate to provide appropriate compensation to employees intermittently assigned to first level highway foreman work, (c) ~~an eight percent~~ a 60 cent per hour differential rate rounded to the nearest cent for journeyman skilled trade classes assigned to salary schedule B and employed at adult institutions of the department of corrections, and (d) a ten cent per hour differential for skilled trade classes assigned to salary schedule B and employed by the department of administration. The commissioner shall establish ~~regulations~~ rules and procedures to equitably implement such rates.

Sec. 23. Minnesota Statutes 1978, Section 43.12, Subdivision 6, is amended to read:

Subd. 6. All employees with more than six calendar months of service whose rates of pay are established according to salary schedule "B", effective July 6, 1977, 4, 1979, shall be advanced in salary to the established base rate for their class.

Employees with less than six calendar months of service whose rates of pay are established according to salary schedule "B", effective July 6, 1977, 4, 1979, shall be advanced in salary to the established orientation rate for their class.

Employees who are classified as highway maintenance worker, senior and who are employed by the department of transportation and assigned to the central office and districts 5 and 9 shall, in addition, be granted a one time lump sum payment of \$400.

Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 6, 1977, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range. In the event the maximum rate for a classification as of July 6, 1977, is equal to or less than an employee's salary on July 5, 1977, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 5, 1979.

Sec. 24. Minnesota Statutes 1978, Section 43.12, Subdivision 7, is amended to read:

Subd. 7. The following procedure shall be used to establish rates of pay for all state employees in the classified civil service whose positions are assigned to classes in the general service salary schedule, which schedule shall be known as salary schedule "C". Classes shall be assigned salary ranges within an area of compensation beginning at a prescribed ~~monthly~~ *hourly* rate of pay and extending upward ~~34~~ *37* additional fixed salary increments. Salary range assignments for each class of employment in this schedule shall not include more than eight salary steps. Effective July 6, ~~1977~~ *4, 1979*, the prescribed minimum ~~monthly~~ *hourly* rate of pay shall be ~~\$456~~ *\$3.09*. The maximum ~~monthly~~ *hourly* rate of pay shall be ~~\$1,409~~ *\$9.13*.

Sec. 25. Minnesota Statutes 1978, Section 43.12, Subdivision 8, is amended to read:

Subd. 8. All employees whose rates of pay are established according to salary schedule "C", effective July 6, ~~1977~~ *4, 1979*, shall be advanced in salary from their rate of pay and step in salary range immediately preceding that date, ~~to the next step within the salary range for that classification.~~ An employee whose classification is reassigned to a higher salary range shall, in addition, be adjusted to the comparable step in the new salary range for his ~~their~~ class or to the new minimum rate of pay for their class, whichever rate is greater. These step increases shall not affect an employee's eligibility for normal step progression increases provided by section 43.122, subdivision 3.

Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 6, 1977, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range. In the event the maximum rate for a classification as of July 6, 1977, is equal to or less than an employee's salary on July 5, 1977, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 5, 1977.

Sec. 26. Minnesota Statutes 1978, Section 43.12, Subdivision 8a, is amended to read:

Subd. 8a. The following procedure shall be used to establish rates of pay for all state employees whose positions are assigned to the labor service. The labor service shall consist of four steps. Effective July 6, ~~1977~~ *4, 1979*, the hourly rate of pay for step A shall be ~~\$4.47~~ *\$5.14*, for step B ~~\$4.62~~ *\$5.29*, for step C ~~\$5.22~~ *\$5.90*, and for step D ~~\$5.37~~ *\$6.09*.

Tenured laborers who are on the payroll on July 6, 1977, shall be paid at the step D rate.

Non-tenured laborers who are on the payroll on July 6, 1977, and who were paid at the base rate on July 5, 1977, shall be paid at the step D rate. Such employees shall continue to be paid at the step D rate in subsequent years provided that their service in the previous calendar year was 800 hours or more.

Non-tenured laborers who are on the payroll on July 6, 1977, and who were paid at the orientation rate on July 5, 1977, shall be paid at the step C rate. Such employees shall advance to step D after completion of 800 hours of work in the second of two consecutive calendar years in which at least 800 hours at step C are worked; provided, however, that an employee whose service in calendar year 1976 was 800 hours or more shall advance to step D upon the completion of 800 hours in calendar year 1977.

For the purpose of this subdivision, service requirements must be fulfilled with the same appointing authority, at the same principal place of employment and performing similar work. Advancement to the next higher step shall be effective at the beginning of the first payroll period following completion of the service requirements.

Non-tenured laborers who are not on the payroll on July 6, 1977 but who have worked 800 hours or more in the 12 months immediately preceding July 6, 1977, and who return to work in the labor service prior to July 1, 1978 with the same appointing authority, at the same principal place of employment and to perform similar work, shall be paid at the rate which they would have received and advanced in pay in the same manner as if they had been on the payroll on July 6, 1977.

Tenured laborers whose employment relationship is severed and non-tenured laborers who in any calendar year fail to meet the service and hour requirements of this subdivision shall be subject to the hiring and advancement provisions of section 43.122, subdivision 5 if they are subsequently reappointed to the labor service.

Sec. 27. Minnesota Statutes 1978, Section 43.12, is amended by adding a subdivision to read:

Subd. 9a. Employees who are paid at a rate which exceeds the maximum rate established for their class prior to July 4, 1979, but whose rate falls within the new range for their class, shall be assigned to the maximum of the new range. In the event the maximum rate for a classification as of July 4, 1979, is equal to or less than an employee's salary on July 3, 1979, no adjustment shall be made; however, the employee shall suffer no reduction in pay and shall continue at his rate of pay as of July 3, 1979. Conversion to a new compensation grid shall not change an employee's eligibility for step progression increases.

Sec. 28. Minnesota Statutes 1978, Section 43.12, Subdivision 10, is amended to read:

Subd. 10. For each full four-tenths point increase in the consumers revised consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, as published by the Bureau of Labor Statistics for the months of January, 1977 October, 1979, and October, 1977 April, 1980, new series index (1967=100), all rates of pay in the "A", "B", "C", special teacher, and labor service salary schedules shall be increased by one cent per hour.

The increase, if any, in wages and salaries generated by this formula shall be effective ~~January 4, 1978~~ *July 2, 1980*, and shall continue in effect until ~~July 5, 1978~~ *December 31, 1980*.

A redetermination of the cost of living allowance shall be made for ~~April, 1978~~ *October, 1980*. For each full four-tenths point increase in the *revised* consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, as published by the Bureau of Labor Statistics for the months of ~~January, 1977~~ *October, 1979*, and ~~April, 1978~~ *October, 1980*, all rates of pay in the "A", "B", "C", special teacher, and labor *service* salary schedules shall be increased by one cent per hour. The increase, if any, in wages and salaries generated by this redetermination shall be effective ~~July 5, 1978~~ *December 31, 1980*.

During periods when such cost of living allowance is in effect, it shall be added to the applicable basic hourly ~~rates~~ *rate* of pay of each employee, including those that are above the maximum step of their range, and treated as a part thereof in all calculations involving employees' pay. Cost of living adjustments are not cumulative and allowances paid under an earlier determination shall cease when a redetermination takes effect.

Sec. 29. Minnesota Statutes 1978, Section 43.12, Subdivision 12, is amended to read:

Subd. 12. Overtime worked shall be compensated for either by cash payment or compensatory time off as provided for in overtime schedules approved under the provisions of the personnel rules or a *collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76*.

Sec. 30. Minnesota Statutes 1978, Section 43.12, is amended by adding a subdivision to read:

Subd. 12a. Notwithstanding any provision in this chapter to the contrary, the commissioner is authorized to pay for "work out of class" as required by the personnel rules or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76.

Sec. 31. Minnesota Statutes 1978, Section 43.12, Subdivision 14, is amended to read:

Subd. 14. Except for classification reassignments effective ~~July 6, 1977~~ *4, 1979*, no class will be reassigned to a higher salary range by the commissioner during the ~~1977-1979~~ *1979-1981* biennium.

Sec. 32. Minnesota Statutes 1978, Section 43.12, Subdivision 15, is amended to read:

Subd. 15. Notwithstanding the provisions of any other law to the contrary, when *prior* to making an appointment to the unclassified civil service of the executive branch of government, *except for unclassified employees compensated in accordance with sections 15A.081 and 43.064*, the appointing authority shall provide the commissioner with a *personal resume* of the appointee and a

detailed job description outlining the duties and responsibilities of the position which the appointee will occupy in such form as the commissioner may prescribe. Any changes in work assignment shall be reported in writing to the commissioner. If, in the judgment of the commissioner, additional information is required in order to establish comparability with positions in the classified civil service, the commissioner shall review the duties of the position in the same manner as a position in the classified civil service would be investigated. All persons in the unclassified civil service of the executive branch of government, except those whose salary is set specifically by statute, shall be paid according to the compensation provisions applicable to employees performing comparable work in the classified civil service, but in no event shall unclassified personnel receive rates of pay which exceed the maximum rate of the salary range established for comparable work in the classified civil service. *The appointing authority shall provide the commissioner with a personal resume of the appointee at the time of appointment to a position subject to the provisions of this subdivision.*

Sec. 33. Minnesota Statutes 1978, Section 43.12, Subdivision 16, is amended to read:

Subd. 16. Effective July 9, 1975 4, 1979, employees whose positions are assigned to classes in the A, B, C, labor service, and special teachers salary schedules working an assigned shift that begins before 6:00 a.m. or which ends on or after 7:00 p.m. shall receive a shift differential of 15 20 cents per hour for all hours worked on that shift in addition to their regular rate of pay. Such Shift differential shall be included in all payroll computations for hours worked but shall not apply during periods of paid leave.

Employees working the regular day schedule who are required to work overtime or who are called back to work for special projects shall not be eligible for the shift differential.

Sec. 34. Minnesota Statutes 1978, Section 43.12, Subdivision 17, is amended to read:

Subd. 17. Effective July 1, 1977 1979, any employee who is separated from the state ~~classified~~ civil service by reason of death, mandatory retirement, *retirement at or after 65*, or layoff, excluding seasonal layoffs, or who is separated after completing 20 years of *continuous* state service, or who retires under a *state retirement program after completing ten years of state service from state service after ten years of continuous state service and is immediately entitled at the time of retirement to receive an annuity under a state retirement program, notwithstanding an election to defer payment of the annuity*, shall be entitled upon such separation, to pay in an amount equal to 40 percent of the employee's accumulated but unused sick leave balance at the time of separation, *which balance shall not exceed 900 hours, plus 25 percent of the employee's accumulated but unused sick leave in excess of 900 hours, times the employee's regular rate of pay at the time of separation.* Severance pay for community college system faculty employees and for state university system faculty employees

whose appointment and salary are based upon a nine month academic year shall be 25 percent of the employee's accumulated but unused sick leave balance. The provisions of this subdivision shall apply to unclassified employees in the same manner as they apply to employees in the classified civil service.

Should any employee who has received severance pay be subsequently reappointed to state service, eligibility for future severance pay shall be computed upon the difference between the amount of accumulated but unused sick leave to the employee's credit at the time the employee was separated and the amount of accumulated but unused sick leave balance at the time of the employee's subsequent eligibility for severance pay.

The base for computing the severance pay provided for in this clause shall not exceed 900 hours except for community college and state university system faculty employees whose base shall not exceed 112 days, nor shall said base include lapsed sick leave hours as defined by departmental rules and regulations.

Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits and shall be paid over a period not to exceed five years from termination of employment. In the event that a terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate.

Sec. 35. Minnesota Statutes 1978, Section 43.12, Subdivision 23, is amended to read:

Subd. 23. Whenever, because of changes in the organizational structure of an agency, in the duties of a position, or for some other reason, a position appears to be improperly allocated, the commissioner shall, upon his own initiative, or upon the written request of a permanent employee or an appointing authority, investigate the duties of the affected position. Following that investigation he may ~~reallocate~~ *reclassify* it to an appropriate class. If the commissioner makes a ~~reallocation~~ *reclassification* or denies an application for ~~reallocation~~ *reclassification*, under this subdivision, he shall notify the appointing authority and the employee affected of his action. A permanent employee or appointing authority affected by any such action shall have the same right to make an application for reconsideration as is granted an appointing authority in the case of an original allocation by subdivision 22, and the procedure set out in subdivision 22 shall apply to such application. Except as provided in subdivision 26, any ~~reallocation~~ *reclassification* granted by the commissioner shall become effective upon the expiration of the time fixed for making an application for reconsideration, if none is made, or if one is made, at the date of notice by the commissioner of his final action.

Sec. 36. Minnesota Statutes 1978, Section 43.12, Subdivision 24, is amended to read:

Subd. 24. In case of any allocation under subdivision 21, or any ~~reallocation~~ *reclassification* under subdivision 23, no examination

of witnesses nor any trial or hearing shall be required, but the commissioner may act upon such matters as are submitted to him in writing by the employee whose position will be affected by a ~~reallocation~~ *reclassification*, or by the appointing authority who will be affected by an allocation or a ~~reallocation~~ *reclassification*, and reports and records of investigators of the department, and may take official notice of the records of the department and of allocations of other comparable positions. The matters of which he takes official notice shall be set out by him in a memorandum to be filed with his order or report of investigation and made a part of his record. In all cases of applications for ~~reallocation~~ *reclassification*, the burden of proof shall be upon the person requesting the ~~reallocation~~ *reclassification*.

Sec. 37. Minnesota Statutes 1978, Section 43.12, Subdivision 25, is amended to read:

Subd. 25. Except as provided in subdivision 26, the incumbent of a position which has been ~~reallocated~~ *reclassified* shall continue in the position only if he is eligible for and actually is appointed to the position of the new class in accordance with the *provisions of this chapter and the personnel rules of the commissioner or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76 governing reallocation or change in allocation* of positions, promotion, transfer, and demotion. In any case in which the incumbent is ineligible to continue in the position and he is not transferred, promoted or demoted, the layoff provisions of this chapter and the *personnel rules of the commissioner or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76* shall apply. Personnel changes required by the ~~reallocation~~ *reclassification* of positions shall be completed within a reasonable period of time, as prescribed by the commissioner, following the ~~reallocation~~ *reclassification* notice to an appointing authority. Any employee with permanent or probationary status whose position is reallocated shall be considered eligible to compete in any examination held to fill the reallocated position, as provided in the *personnel rules of the commissioner*.

Sec. 38. Minnesota Statutes 1978, Section 43.122, Subdivision 5, is amended to read:

Subd. 5. Employees who are hired after July 5, 1977, for positions assigned to the labor service shall be hired at step A. Such Employees shall advance to step B after 800 hours of service within a calendar year; to step C after completion of 800 hours in the second of two consecutive calendar years in which at least 800 hours at step B are worked; and to step D after completion of 800 hours in the second of two consecutive calendar years in which at least 800 hours at step C are worked. Advancement to the next higher step shall be effective at the beginning of the first payroll period following completion of the service requirement. Service requirements must be fulfilled with the same appointing authority, at the same principal place of employment, and performing similar work. Tenured laborers whose employment

relationship is severed and non-tenured laborers who fail to meet the service and hour requirements for advancement in any calendar year, shall be considered to be new employees for purposes of this subdivision if they are subsequently reappointed to the labor service and shall be reappointed at step A.

Nontenured laborers who fail to meet the service and hour requirements for advancement in any calendar year and who are subsequently reappointed to the labor service with the same appointing authority within one year of termination shall be reappointed at the step at which they were last paid.

Tenured laborers who fail to meet the service and hour requirement for advancement in any calendar year shall continue at the step at which they were last paid until they meet the service and hour requirements for advancement.

Sec. 39. Minnesota Statutes 1978, Section 43.127, Subdivision 6, is amended to read:

Subd. 6. [EMPLOYEE BENEFITS.] The commissioner may design an employee benefit system for employees defined as managerial providing flexibility between leave, insurance, and other compensation items, which may differ from those for other state employees. Retirement items shall not be included in the commissioner's authority. *The managerial benefits established under the provisions of this subdivision may be extended to unclassified managers, including those department heads and deputies whose salaries are established in section 15A.081, subdivisions 1 and 5.*

Sec. 40. Minnesota Statutes 1978, Section 43.15, Subdivision 5, is amended to read:

Subd. 5. [EXPANSION OF ELIGIBLE LISTS TO MEET AFFIRMATIVE ACTION GOALS.] When the commissioner of personnel determines that a disparity exists between the agency's work force and its approved affirmative action plan, the commissioner shall insure to the extent possible that members of the protected group groups for which the disparity exists are included on that portion of the eligible list of persons to be considered for appointment, which list is hereinafter referred to as the "appointment list". Notwithstanding any contrary provision of this chapter, when a position is to be filled by open competitive examination and fewer than three individuals of a all protected group groups for which a disparity has been determined to exist appear on the appointment list, the commissioner shall certify, if possible, as many additional names in order from the eligible list as are necessary so that an aggregate total of three persons from all the protected groups for which a disparity has been determined to exist have been added to appear on the appointment list. Notwithstanding any contrary provision of this chapter, when a position is to be filled by examination other than open competitive examination and fewer than one-third of the individuals on an appointment list are members of the protected group groups for which a disparity has been determined to exist, the commissioner shall

certify, if possible, as many additional names in order from the eligible list as are necessary so that persons from all the protected groups for which a disparity has been determined to exist comprise one-third of the appointment list or until an aggregate total of three persons from all the protected groups for which a disparity has been determined to exist have been added to appear on the appointment list, whichever comes first. *However, the appointment list shall not be expanded when the position to be filled is covered by a collective bargaining agreement which provides for the filling of vacancies by seniority and the appointment list developed in accord with section 43.18 includes the names of one or more employees within the bargaining unit in which the vacancy exists.* Notwithstanding any provision of this subdivision to the contrary, no person shall be added to an appointment list as a result of this subdivision if that person received a score of less than 70 on the applicable test.

Sec. 41. Minnesota Statutes 1978, Section 43.17, Subdivision 3, is amended to read:

Subd. 3. [CERTIFIED LISTS; APPOINTMENTS MADE FROM.] Appointments shall be made from the appropriate eligible list, but if no such list exists, then the commissioner may certify from such other list as he deems the next most nearly appropriate. A new and separate list shall be created for a stated position only when there is no satisfactory list determined appropriate by the commissioner. *Where the vacancy to be filled is in a position covered by a collective bargaining agreement, the appointment list shall be made available upon request to the exclusive representative as defined in sections 179.61 to 179.76.* The commissioner shall have authority to establish separate eligible lists applicable to various localities. No person shall be appointed or employed under any title not appropriate to the duties performed, and no person shall be transferred to, nor assigned, *except pursuant to the "work out of class" provisions of the personnel rules or a collective bargaining agreement,* to perform the duties of, any position in the classified service, unless he has previously qualified therefor under the provisions of this chapter.

Sec. 42. Minnesota Statutes 1978, Section 43.17, Subdivision 4a, is amended to read:

Subd. 4a. Notwithstanding any law to the contrary, persons may be employed by any governmental department agency in the classification of service worker or be employed as a pre-service trainee, as defined by applicable personnel job description or personnel rule, in excess of any personnel limitations, quotas or complements as established by law. Said employment shall be subject to restrictions contained in section 16A.123 and shall be subject to the advance approval of the commissioner of administration finance.

Sec. 43. Minnesota Statutes 1978, Section 43.19, is amended to read:

43.19 [VACANCIES; PROMOTIONS; DISMISSALS.] Subdivision 1. [VACANCIES FILLED BY PROMOTION.] (1) Vacancies in positions shall be filled, so far as practicable, by promotion from among persons holding positions in the *classified executive branch of the state civil service, or the legislative branch of state civil service, and classified positions on the staff of the legislative auditor, Minnesota state retirement system and teachers retirement association* and, subject to such exceptions as the commissioner may provide, from the lower class and in accordance with section 43.18 and personnel rules. Except as provided in clause (2), promotions shall be based upon merit and fitness, to be ascertained by competitive examinations in which the employee's efficiency and job-related conduct shall constitute a factor. For positions defined by personnel rule as "non-managerial" seniority shall also constitute a factor.

(2) The commissioner may authorize the appointing authority of any state agency to promote any employee in that agency to a position in a higher class requiring peculiar and exceptional qualifications of an administrative, scientific, professional, or expert character, following a non-competitive examination, which shall be practical and shall involve only the duties of the position provided his position has been reallocated as the result of gradual changes in the job which have occurred over a period of time and he has performed satisfactorily in the position.

~~(3) The commissioner shall give the non-competitive examinations provided for in clause (2) upon request of any appointing authority, in accordance with personnel rules.~~

Subd. 2. [INCREASE, WHEN A PROMOTION.] For the purpose of this section, the commissioner shall determine, by personnel rule, what shall constitute a promotion.

Subd. 3. [RESTORATION TO POSITION AFTER DISMISSAL.] Any promotional appointee who is *either dismissed during the probationary period from the position to which he has been promoted for cause other than misconduct or delinquency on his part from the position to which he has been promoted either during the probationary period, or who does not attain permanent civil service status in the class to which he has been promoted in accord with section 43.21 at the conclusion thereof by reason of the failure of the appointing authority to file a request for his continuance in the position of the probationary period*, shall be restored to ~~the a~~ position in the class and agency from which he was promoted. Nothing contained in this section shall be construed to prevent any employee of the classified *civil service* from competing for places upon registers of persons eligible for original appointments.

Subd. 4. [MANAGERIAL OR PROFESSIONAL POSITION, FILLING.] Notwithstanding any provision in this chapter, to the contrary, every vacancy in a managerial or professional position shall be open to any state employee *in the executive branch or legislative branch and any classified employee of the legislative auditor, Minnesota state retirement system and teachers retirement association* qualifying through examination and in accord-

ance with the provisions of section 43.18, subdivision 1. The commissioner of personnel may require the filling of this type of vacancy by any qualified person, but in no case shall the filling of such a vacancy be limited to only the employees of a department or agency. *For professional positions seniority in length of service shall also be one of the factors in an appointment in the manner as provided by personnel rule.*

Subd. 5. [PROMOTIONS; WORK STATION LOCATION.] No employee of any agency in the executive branch shall be deemed ineligible for promotion to a position solely because of the location of the employee's current work station or the location of the work station to which the employee would be assigned if promoted to that position.

Sec. 44. Minnesota Statutes 1978, Section 43.20, Subdivision 3, is amended to read:

Subd. 3. In case of an emergency, an appointment may be made without regard to the provisions of this chapter, but in no case shall it continue longer than ~~ten 30 working days, and in no case shall successive emergency appointments be made;~~ . This provision shall apply to both persons and positions; and . No person shall ~~receive be employed more than three 30 working days on emergency appointments in any one or different positions within any 12 month period by the same appointing authority .~~

Sec. 45. Minnesota Statutes 1978, Section 43.20, Subdivision 5, is amended to read:

Subd. 5. Where the services to be rendered by an appointee are for a temporary period ~~not to exceed an accumulation of six months in any 12 month period,~~ the commissioner shall , *when practicable,* certify from an eligible list for the temporary service any person he deems qualified; the acceptance or refusal by an eligible of a temporary appointment shall not affect his standing on the register for permanent employment, nor shall the period of temporary service be counted as a part of the probationary period in case of subsequent appointment to a permanent position. *Where certification from an eligible list is impractical, the commissioner may authorize the temporary appointment of an individual designated by the appointing authority. The commissioner shall refer to the appointing authority the names of employees on layoff from the legislature who are available for appointment to temporary positions with duties and responsibilities comparable to work performed in the legislature. The secretary of the senate and the chief clerk of the house shall supply the names of legislative employees on layoff status who are available for appointment. No temporary appointment shall exceed an accumulation of six months except to fill a vacancy created by an approved leave of absence not to exceed one year or where the commissioner grants an extension of temporary appointment to the maximum of one year in the best interests of the state. No person shall receive successive temporary appointments, nor be employed in tempo-*

rary appointments for more than 12 months within any 24 month period.

Sec. 46. Minnesota Statutes 1978, Section 43.227, is amended to read:

43.227 [TIME OFF IN EMERGENCIES.] ~~At the request of a department head, and An appointing authority, after consultation with the commissioner of public safety, the commissioner may authorize the requesting department head to excuse state employees from duty with full pay in the event of a natural or man made emergency, if continued operation would involve a threat to the health or safety of individuals. Absence with pay shall not exceed 16 working hours at any one time unless the governor commissioner authorizes a longer duration.~~

Sec. 47. Minnesota Statutes 1978, Section 43.24, is amended to read:

43.24 [REMOVAL.] Subdivision 1. [WRITTEN STATEMENT.] No permanent employee in the classified service, under the provisions of this chapter or the rules made pursuant thereto, shall be removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position, except for just cause, ~~which shall not be religious or political, or because of the employee's race, sex, disability or age, subject however to the mandatory retirement ages specified by law.~~ In case of any disciplinary action, as enumerated in this section, the employee shall, before the action is taken, be furnished with a statement, in writing, setting forth the reasons for the disciplinary action, be permitted five days time to reply thereto, in writing, or upon his request, to appear personally and reply to the head of the department. A copy of the statement and the employee's reply, if any, shall be filed with the commissioner prior to the effective date thereof. Any permanent employee in the classified service who is removed, discharged, suspended without pay *for more than 30 days*, or reduced in pay or position, shall be notified no later than the effective date of the action of his right to appeal the action to the board.

Subd. 1a. For the purposes of this section, "just cause" includes, but is not limited to, consistent failure to perform assigned duties, substandard performance, insubordination, and serious violation of written policies and procedures, provided the policies and procedures are applied in a uniform, non-discriminatory manner. "Just cause" excludes the religious beliefs, political beliefs, race, sex, disability status and age of the employee, subject however to mandatory retirement ages specified by law and excludes discharge for mere whim or caprice.

Subd. 2. [APPEAL TO BOARD; PUBLIC HEARINGS, FINDINGS, HEARING CONFERENCE.] Any permanent employee who is removed, discharged, suspended without pay *for more than 30 days*, or reduced in pay or position and who has not elected to proceed pursuant to a grievance procedure, if such procedure is

available, pursuant to sections 179.61 to 179.77, may appeal to the board within 30 days after the effective date of such removal, discharge, suspension or reduction in pay or position. In no event may an employee avail himself of both the procedure under this section and the grievance procedure under sections 179.61 to 179.77. Upon such appeal, both the appealing employee and the appointing authority or their representatives shall meet with the hearing officer, at a place and on such date as set by him for the purpose of determining the facts at issue. Prior to the hearing conference, both parties may stipulate on mutually agreed matters relevant to the dismissal or other disciplinary action referred to in this subdivision. If the hearing officer is successful in reaching a mutually agreed settlement between both parties, such agreement shall be certified to the board, with copies furnished to both parties, and such agreement, if approved by the board, shall become binding on both parties. The hearing conference shall be conducted in such manner and follow such procedures as prescribed by the board. The issues and facts on which agreement has not been reached will be decided during the hearing at which hearing technical rules of evidence shall not apply. If the board finds that the action complained of was not taken by the appointing authority for just cause, the employee shall be reinstated to his position, or an equal position in another department or division, without loss of pay. If the board finds that there exist sufficient grounds for institution of dismissal but extenuating circumstances are brought out in testimony and evidence, it may in its discretion reinstate the employee, with full, partial, or no pay, or it may modify the appointing authority's action by substituting a lesser disciplinary action. The hearing officer shall recommend to the board an appropriate disposition of the case. If no exceptions are made, the hearing officer's recommended disposition shall, at the option of the board, become final. If exceptions are taken, the board, upon a review of the record, may accept the officer's recommendations with or without additional oral or written evidence from the parties, may remand the case to the officer for further hearing, adopt the hearing officer's report with any changes warranted by the record, or issue its own report of findings and orders. In those cases in which the board finds just cause for dismissal, the findings and recommendations of the board shall be submitted to and considered by the appointing authority, who may, not later than 30 days after receipt of such findings and recommendations, reinstate the employee with or without pay for the period of suspension, or otherwise modify his original decision of suspension, demotion, or discharge. When any permanent employee is dismissed and not reinstated after appeal, the board may direct that his name be placed on an appropriate reemployment list, for employment in any similar position other than the one from which he has been removed, which direction shall be enforced by the commissioner.

Subd. 3. [REQUEST FOR WRITTEN STATEMENT.] When any such permanent employee shall be suspended without pay, he shall, within 30 days time after being notified of such disciplinary action, be furnished with a statement in writing specifically set-

ting forth the reasons for the disciplinary action, and a copy of such statement shall then also be filed with the commissioner.

Sec. 48. Minnesota Statutes 1978, Section 43.32, Subdivision 4, is amended to read:

Subd. 4. [HUMAN RESOURCES PLANNING.] The commissioner, *in conjunction with state agency heads*, shall develop a statewide system of manpower planning in cooperation with state departments and agencies which shall provide for an assessment of present and future manpower needs *analyze and assess current and future human resource requirements*.

The commissioner shall coordinate ~~departmental~~ agency training activities and other personnel actions throughout the state civil service in order to meet the current and projected personnel human resource requirements of the state.

Sec. 49. Minnesota Statutes 1978, Section 43.327, Subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER TO MAKE RULES ON TRAVEL.] (1) The commissioner shall ~~make~~ promulgate personnel rules relating to *special expenses and travel of state employees on state business and expenses incurred thereon*. For purposes of this subdivision, "special expense" means a necessary reimbursable expense for meals, lodging, registration, conference fees or other expenses incurred in connection with assigned official duties of a state employee and where the employee's attendance or participation will accrue primarily to the state.

(2) When unusual difficulty in recruiting qualified applicants is being encountered, the commissioner may authorize the appointing authority to pay travel expenses incurred by applicants invited for oral examinations or for employment interviews in the same manner and amounts authorized by personnel rules for state employees.

Sec. 50. Minnesota Statutes 1978, Section 43.327, Subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER OF FINANCE TO ENFORCE RULES.] The commissioner of finance shall enforce the personnel rules concerning travel ~~or~~, relocation and special expenses and provide for the payment of expenses actually incurred or for payment on a daily flat rate as the personnel rules may permit. *The commissioner of finance may delegate the authority to approve travel and special expenses to the appointing authority. Subsequent delegation by the appointing authority must be approved in advance by the commissioner of finance and filed with the secretary of state. The commissioner of finance shall periodically review authority that has been delegated to ensure compliance with personnel rules relating to travel and special expenses and may modify or withdraw the delegation at any time upon written notice to the appointing authority.*

Sec. 51. Minnesota Statutes 1978, Section 43.43, is amended by adding a subdivision to read:

Subd. 9. "Dental insurance" means:

A plan that provides coverage for, or pays, or reimburses expenses for dental care, including orthodontics for an eligible employee's eligible dependent children from age 8 to 19.

Sec. 52. Minnesota Statutes 1978, Section 43.44, Subdivision 2, is amended to read:

Subd. 2. A state employee determined to be eligible for the benefits provided in sections 43.42 to ~~43.49~~ 43.50 shall continue to be eligible therefor so long as he appears on a state payroll for at least one working day during each payroll period except as otherwise provided in this subdivision. *Vacation leave, compensatory time or sick leave cannot be used for the purpose of continuing state paid insurance by keeping an employee on a state payroll for one working day per payroll period during the time the employee is on an unpaid leave of absence.* If the state employee is employed on the basis of a school year and whose his employment contemplates absences from the state payroll during the summer months and during vacation periods occurring at Christmas, New Years, and Easter scheduled by the appointing authority which occur during the regular school year, he nonetheless shall continue to be eligible for such benefits provided he appears on his regular payroll for at least one working day for the payroll period immediately preceding such vacation periods. An academic employee of the University of Minnesota, the state university board, or the state board for community colleges, otherwise eligible for basic life insurance, basic dental insurance and basic health benefits coverage paid for by the state shall have continuous basic coverages maintained during the period of a sabbatical leave.

If the state employee is granted a leave of absence to work for the legislature or either branch thereof, during a regular or special legislative session, he nonetheless shall continue to be eligible for such benefits provided he appears on the state payroll or the legislative pay roll for at least one working day for each payroll period.

If a state employee who has three years or more of continuous service is laid off he nonetheless shall continue to be eligible for the benefits provided in sections 43.42 to 43.50 for a period of six months from the date of layoff.

A state employee who is disabled and off the state payroll as a result of personal injury arising out of and in the course of employment with the state and is otherwise eligible for the basic life insurance, basic dental insurance and basic health benefits coverage paid for by the state shall be eligible for state paid coverage and shall continue to be eligible therefor for state paid coverage during the period such employee is receiving workers' compensation payments for temporary total or temporary partial disability pursuant to an award of the workers' compensation court of appeals or is on disability leave pursuant to the rules of the department of personnel or a collective bargaining agreement entered into under the provisions of sections 179.61 to 179.76.

Sec. 53. Minnesota Statutes 1978, Section 43.47, Subdivision 2, is amended to read:

Subd. 2. An emergency, temporary, or intermittent employee of the state; *student workers hired after July 1, 1979 and interns of the state*; a part time or seasonal employee of the state serving on less than a 75 percent time basis; but this exclusion shall not apply to a part time or seasonal employee of the state in the classified service who prior to April 1, 1967 was eligible for state paid basic life insurance and health benefits;

Sec. 54. Minnesota Statutes 1978, Section 43.491, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding the restrictions contained in section 43.44, subdivision 2, a retired state employee who is eligible for, applies for and receives an annuity under a state retirement program shall be eligible to continue to participate at his own expense in the hospital benefits coverage and medical benefits coverage provided for other state employees by sections 43.42 to 43.50. The retired employee may also, at his own expense, continue hospital benefits coverage and medical benefits coverage for his dependents who meet the general dependent eligibility requirements for those coverages. The coverage shall be coordinated with relevant health insurance benefits provided through the federally-sponsored medicare program. Within 30 days after ~~April 6, 1978~~ *August 1, 1979*, or within 30 days after the effective date of his retirement, whichever day is later, the employee shall notify the commissioner or his designee of his intention to continue the coverage. The commissioner shall establish forms and procedures, *including provisions for notice to the retired or retiring employee*, for exercise of the option provided by this section and for payment of necessary premiums.

Sec. 55. Minnesota Statutes 1978, Section 43.50, Subdivision 1, is amended to read:

43.50 [PAYMENT OF PREMIUMS.] Subdivision 1. Each department of the state government shall pay the amounts due for basic life insurance, basic dental insurance, and basic health benefits coverage authorized for eligible state employees as provided by this chapter. Effective July 1, ~~1977~~ *1979*, each department of the state government shall contribute up to ~~\$58~~ *\$64* per year toward the cost of the approved annual health evaluation and screening program for each eligible employee who elects to participate *and who elects health insurance coverage under Blue Cross and Blue Shield of Minnesota. Eligible employees who elect coverage under a health maintenance organization shall only be eligible to receive this benefit if the health maintenance organization in which the employee is enrolled does not make available without additional cost, on an annual basis, the tests performed for state employees by the approved program.*

Additionally, and notwithstanding any law to the contrary, effective the first day of the first payroll period commencing on or after July 1, ~~1977~~ *1979*, each department of the state government

shall contribute \$45 up to \$60 per month or 90 percent of the cost, whichever is greater, toward the cost of dependent hospital-medical insurance coverage premiums for their eligible employees who have eligible dependents. Effective the first day of the first payroll period commencing on or after July 1, 1978, Each department shall pay the full cost for such dependent hospital-medical coverage and, for all eligible employees carrying dependent dental insurance coverage, shall also contribute one-half the difference between single and family dental coverage per month except that no department shall pay an amount in excess of the contribution for dependent hospital-medical and dental coverage in effect on June 30, 1979 for all eligible employees carrying dependent dental insurance coverage. To enable employees to receive benefit from this provision, open enrollment periods from August 15 through September 30, 1977 1979 and from August 15 through September 30, 1978 1980, are established. During open enrollment periods employees may enroll their dependents in dental coverage and hospital-medical coverage without proof of insurability. Effective January 1, 1977, the state contribution of \$30 per month shall apply to eligible members of the legislature who have eligible dependents. Effective January 1, 1979 1981, the increased changed benefits provided in this section shall apply to eligible members of the legislature and their eligible dependents. Each of the departments shall pay such amounts from accounts and funds from which the department receives its revenues, including appropriations from the general fund and from any other fund, now or hereafter existing for the payment of salaries and in the same proportion as it pays therefrom the amounts of salaries. In order to enable the commissioner of finance to maintain proper records covering the appropriations pursuant to this section, he may require certifications in connection therewith as he may deem necessary from any state agency, the Minnesota historical society, or the university of Minnesota whose employees receive benefits pursuant to this chapter. The accounts and funds referred to from which departments receive appropriations under the terms of this section are hereby declared to be a source of revenue for the purposes of any other law or statutory enactment.

Sec. 56. Minnesota Statutes 1978, Section 43.51, is amended to read:

43.51 [DEATH BENEFIT FOR RETIRED EMPLOYEES.] Employees who retire from state service on or after July 1, 1977, shall be entitled to a \$500 cash death benefit payable to a beneficiary designated by the employee, if, at the time of the employee's death, the employee is receiving entitled to an annuity under a state retirement program. A \$500 cash death benefit shall also be payable to the designated beneficiary of an employee who becomes totally and permanently disabled after July 1, 1979, and who at the time of death is receiving a state disability benefit and is eligible for a deferred annuity under a state retirement program.

Sec. 57. Minnesota Statutes 1978, Section 62D.22, Subdivision 7, is amended to read:

Subd. 7. A *licensed health maintenance organization* shall be deemed to be a prepaid group practice plan for the purposes of chapter 43 and shall be allowed to participate as a carrier for state employees subject to any negotiated labor agreement and reasonable restrictions applied to all carriers.

Sec. 58. Minnesota Statutes 1978, Section 179.63, Subdivision 11, is amended to read:

Subd. 11. "Essential employee" means any person within the definition of subdivision 7 whose employment duties involve work or services essential to the health or safety of the public and the withholding of such services would create a clear and present danger to the health or safety of the public *firefighters, police officers, highway patrolmen, guards at correctional institutions, employees of hospitals other than state hospitals and registered nurses, as defined in section 148.171, engaged in the practice of professional nursing and employed in a state hospital or state nursing home.*

Sec. 59. Minnesota Statutes 1978, Section 179.64, Subdivision 7, is amended to read:

Subd. 7. ~~Either~~ A violation of section 179.68, subdivision 2, clause (9), or a refusal by the employer to request binding arbitration when requested by the exclusive representative pursuant to section 179.69, subdivision 3 or 5, or, as applied to state employees, a disapproval by the legislative commission on employee relations pursuant to section 2 or a failure by the legislature to approve a negotiated agreement or arbitration award pursuant to section 179.74, is a defense to a violation of this section, except as to essential employees. As to all public employees, no other unfair labor practice or violation of Laws 1973, Chapter 635 sections 179.61 to 179.76 by a public employer shall be a violation of this section but may be considered by the court in mitigation of or retraction of any penalties as to employees and employee organizations.

Sec. 60. Minnesota Statutes 1978, Section 179.65, Subdivision 6, is amended to read:

Subd. 6. Supervisory and confidential employees, principals and assistant principals may form their own organizations. An employer shall extend exclusive recognition to a representative of or an organization of supervisory or confidential employees, or principals and assistant principals, for the purpose of negotiating terms or conditions of employment, in accordance with all other provisions of Laws 1972, Chapter 635 sections 179.61 to 179.76, as though they were essential employees. Units of supervisory or confidential employees shall not participate in any joint negotiations which involve the participation of units of employees other than supervisory or confidential employees. Affiliation of a supervisory or confidential employee with another employee organization which has as its members non-supervisory employees or non-confidential employees is permitted.

Sec. 61. Minnesota Statutes 1978, Section 179.66, Subdivision 1, is amended to read:

179.66 [RIGHTS AND OBLIGATIONS OF EMPLOYERS.]
Subdivision 1. A public employer is not required to meet and negotiate on matters of inherent managerial policy, which include, but are not limited to, such areas of discretion or policy as the functions and programs of the employer, its overall budget, utilization of technology, the organizational structure and selection and direction and number of personnel. *No public employer shall sign an agreement which limits the right of the public employer to select persons to serve as supervisory employees or state managers pursuant to section 43.127 or requires the use of seniority in their selection.*

Sec. 62. Minnesota Statutes 1978, Section 179.67, is amended by adding a subdivision to read:

Subd. 4a. The director shall not consider a petition for a decertification election during the effective term of a contract covering employees of the executive branch of the state of Minnesota except for a period for not more than 270 to not less than 210 days before its date of termination.

Sec. 63. Minnesota Statutes 1978, Section 179.72, is amended by adding a subdivision to read:

Subd. 7a. Notwithstanding the provisions of subdivision 7, for employees of the executive branch of the state of Minnesota, the panel shall be restricted to selecting between the final offers on each impasse item submitted by the parties to the panel.

Sec. 64. Minnesota Statutes 1978, Section 179.72, is amended by adding a subdivision to read:

Subd. 7b. Notwithstanding the provisions of subdivision 7, for essential employees, supervisory employees, confidential employees, and principals and assistant principals who are not employees of the executive branch of the state of Minnesota, the panel shall be restricted to selecting between the final offers on each impasse item submitted by the parties to the panel.

Sec. 65. Minnesota Statutes 1978, Section 179.74, Subdivision 4, is amended to read:

Subd. 4. The commissioner of personnel shall meet and negotiate with the exclusive representative of appropriate units in the manner prescribed by sections 179.61 to 179.77; provided, however, that the director of mediation services shall define appropriate units of state employees as all the employees under the same appointing authority except where professional, geographical or other considerations affecting employment relations clearly require appropriate units of some other composition. The positions and classes of positions in the classified and unclassified services defined as managerial by the commissioner of personnel in accordance with the provisions of section 43.326 and so designated in the official state compensation schedules, all unclassified positions in the state university system and the community college system

defined as managerial by their respective boards, all positions in the bureau of mediation services, *all hearing examiners in the office of hearing examiners*, employees who work in the personnel offices of an appointing authority in the executive branch and who have access to information subject to use by the appointing authority in meeting and negotiating or who actively participate in the meeting and negotiating on behalf of *the state employees*, shall be excluded from any appropriate unit. Regardless of unit determination, the governor may upon the unanimous written request of exclusive representatives of units and appointing authorities direct that negotiations be conducted for one or more appointing authorities in a common proceeding.

Sec. 66. Minnesota Statutes 1978, Section 179.74, Subdivision 5, is amended to read:

Subd. 5. The commissioner of personnel is authorized to and may enter into agreements. The provisions of said *the negotiated agreements which establish wages and economic fringe benefits and arbitration awards* shall be submitted to the legislature to be accepted, or rejected or modified. A state employee whose exclusive representative, as defined by section 179.63, subdivision 6, has not executed an *reached a proposed agreement with the state covering wages and economic fringe benefits which has been submitted by the commissioner to the legislative commission on employee relations* on or before *May April 15* of each an odd numbered year, shall not receive the wage and economic fringe benefit increases provided pursuant to an agreement executed and approved under this subdivision. *Disapproval by the legislative commission on employee relations pursuant to section 2 or failure of the legislature to approve a negotiated agreement or arbitration award with respect to wages and economic fringe benefits by the time of adjournment of the regular legislative session in an odd numbered year shall be a defense to a violation of section 179.64.*

Sec. 67. Minnesota Statutes 1978, Section 223.02, is amended to read:

223.02 [LICENSE; BOND.] No person shall sell, or receive, or solicit shipments of such commodities for sale, without first obtaining a license from the department of *public service agriculture* to carry on the business of a commission merchant, and filing with the department a corporate surety bond to the state for the benefit of such consignors, approved by the department, and conditioned for the faithful discharge of his duties as such commission merchant and full compliance with all the laws of the state and rules of the department relative thereto. If the license authorizes the sale of grain the bond shall not be for a less sum than \$25,000 for each separate municipality in which the commission merchant maintains an office for the conduct of such business. If the license only authorizes the sale of hay and straw the bond shall be not less than \$8,000. In either case the department may at any time require such an additional amount of bond as it may deem necessary to protect the consignors.

Sec. 68. Minnesota Statutes 1978, Section 229.01, Subdivision 2, is amended to read:

Subd. 2. [PUBLIC HAY TRACKS.] The department of ~~public service~~ *agriculture* shall designate at convenient places on the several lines of railway entering terminal points in this state, tracks to be known as public hay tracks. The different railway companies either separately or jointly are hereby required to provide suitable tracks to meet the requirements of this chapter. Such public hay tracks may be established on each individual line of railway, or they may be so established as to serve for two or more railways.

Sec. 69. Minnesota Statutes 1978, Section 229.07, is amended to read:

229.07 [WEIGHERS AND INSPECTORS; APPEALS; RE-INSPECTION AND FINAL REVIEW.] The department of ~~public service~~ *agriculture* shall appoint a suitable number of persons to perform such weighing and inspecting of hay and straw. Such weighers and inspectors shall be under the immediate supervision of the department. In case of dissatisfaction of any interested person with the official acts of any inspector, reinspection may be had upon application to the department. A final appeal from the decision of the department may be made to the board of final review, to be provided for by the department under the rules it shall establish. The decision of such board of review shall be final, provided the department may provide suitable rules for the cancellation of any certificate of inspection issued upon original inspection, reinspection or upon final review when it appears that owing to the manner in which cars of hay or straw were loaded it was impossible for the inspector to obtain a fair sample.

Sec. 70. Minnesota Statutes 1978, Section 231.01, Subdivision 1, is amended to read:

231.01 [DEFINITIONS.] Subdivision 1. [DEPARTMENT.] The word "department," as used in this chapter, means the Minnesota state department of ~~public service~~ *agriculture*.

Sec. 71. Minnesota Statutes 1978, Section 231.01, Subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] The term "commissioner," as used in this chapter, means ~~one of the members of the commission~~ *commissioner of agriculture*.

Sec. 72. Minnesota Statutes 1978, Section 232.01, Subdivision 1, is amended to read:

232.01 [LOCAL GRAIN WAREHOUSES.] Subdivision 1. All elevators, flour, cereal and feed mills, malshouses or warehouses in which grain belonging to persons other than the warehouseman is received for storage, situate at any location other than Minneapolis, St. Paul or Duluth, shall be known as public local grain warehouses and shall be under the supervision and subject to the inspection of the department of ~~public service~~ *agriculture*. Provid-

ed, however, that nothing herein contained shall be construed as applying to public terminal warehouses as defined in section 233.01, subdivision 3.

Sec. 73. Minnesota Statutes 1978, Section 233.01, Subdivision 1, is amended to read:

233.01 [DEFINITIONS.] Subdivision 1. [DEPARTMENT.] Wherever the term "department" is used in this chapter it shall be construed to mean the department of ~~public service~~ *agriculture of the state of Minnesota*.

Sec. 74. Minnesota Statutes 1978, Section 233.03, is amended to read:

233.03 [DUTIES OF WAREHOUSEMEN.] Every warehouseman shall receive for storage and shipment as far as the capacity of his warehouse will permit, all grain in suitable condition for storage, tendered him in the usual course of business, without discrimination of any kind. All grain shall be inspected on receipt and stored with other grain of the same grade except as herein otherwise provided. At the time of the receipt of the grain, the warehouseman shall issue and deliver to the owner or consignee a warehouse receipt in the following form:

Warehouse Receipt No. Elevator Co.
....., Minn., 19.....
The Elevator Company has received in store in its elevator known as situated at, Minnesota, for storage from owner, bushels of which has been duly inspected by a duly authorized inspector of grain appointed by the department of ~~public service~~ *agriculture of Minnesota*, or licensed by the Secretary of Agriculture of the United States, and has been graded by the inspector as No. and is that grade. This grain, or an equal amount of grain of the same kind and grade, is deliverable upon the return of this receipt properly endorsed by the owner above named and the payment of all lawful charges; in case of grain stored separately in a special bin, at the request of the owner or consignee, the identity of such grain will be preserved while in store and the grain will be delivered as such separate lot or parcel, in accordance with the law, upon surrender of the receipt. Loss by fire, heating or the elements is at the owner's risk.

Countersigned by

..... Secretary

The Elevator Company

conducts this elevator as a public terminal warehouse and receives and stores therein grain of others for hire.

..... bushels grade.

By

STUB RECORD

Initial Car No. Bushels

Receipt No. 19....

Received in store from

.....

Bushels.... Lbs.... Grade....

Car No.	Bushels	Car No.	Bushels
---------	---------	---------	---------

The receipts shall be consecutively numbered and delivered to the owner immediately upon receipt of each lot or parcel of grain, giving the true and correct grade and weight thereof. The manner of receipt of such grain shall be stated in the receipt, and with the number and distinctive mark of each car, and the name of each barge or other vessel. The failure to issue such receipt as directed or the issuance of any warehouse receipt differing in form or language from that prescribed shall be a misdemeanor; provided that such warehouse receipt at the request of the owner or consignee, may provide for delivery of the grain represented thereby to the depositor, or any other specified person, and may have printed or stamped thereon the words "non-negotiable".

Sec. 75. Minnesota Statutes 1978, Section 234.02, is amended to read:

234.02 [CONSTRUCTION OF TERMS.] As used in this chapter, unless the context clearly evidences a contrary intention, the following terms shall be construed, respectively:

(1) Any local supervisory board of individual producers appointed by the department of public service agriculture under the provisions of this chapter;

(2) Any person whose duty it shall be under the provisions of this chapter to inspect, measure, and seal any granary, crib, bin, or other receptacle for the storage of grain;

(3) Any certificate or receipt evidencing the storage of grain under the provisions of this chapter and any rules or regulations promulgated thereunder shall be considered to be used herein in the same connection as the words "document of title," as defined in the uniform commercial code, section 336.1-201(15);

(4) Any person or persons (whether individuals, corporations, partners or copartners) who shall have title to and possession of any grain stored under the provisions of this chapter shall be

construed to have been used herein in the same connection as the word "warehouseman," as defined in the uniform commercial code, section 336.7-102(1) (h).

Sec. 76. Minnesota Statutes 1978, Section 234.10, is amended to read:

234.10 [SEALS.] Seals employed hereunder shall be furnished by the department and shall contain the following language:

"Sealed by authority State of Minnesota, Department of ~~Public Service~~ *Agriculture*.

Any person tampering with this seal or removing any grain herein shall be subject to a fine and imprisonment as provided by law.

Consecutive No."

Sec. 77. Minnesota Statutes 1978, Section 235.01, is amended to read:

235.01 [SUPERVISION OVER GRAIN.] The department of ~~public service~~ *agriculture* shall exercise general supervision over the grain interests of the state and of buying, selling, handling, and storage of grain, and of the management of public warehouses and public grain markets, including chambers of commerce, boards of trade, and grain exchanges; investigate, on complaint or upon its own motion, all cases of fraud and injustice in the grain trade, unfair practices, or unfair discrimination in the buying or selling of grain; have the power to compel the discontinuance of such unfair practices or unfair discrimination; and make all proper rules and regulations for carrying out and enforcing the provisions of all laws of the state relating to such subjects.

Sec. 78. Minnesota Statutes 1978, Section 236.01, Subdivision 5, is amended to read:

Subd. 5. "Department" means the Minnesota department of ~~public service~~ *agriculture*.

Sec. 79. Minnesota Statutes 1978, Section 299D.03, Subdivision 2, is amended to read:

Subd. 2. [SALARIES.] (1) Each employee other than the chief supervisor, lieutenant colonel, majors, captains, corporals and sergeants hereinafter designated shall be known as patrol troopers.

(2) There may be appointed one lieutenant colonel; and such majors, captains, corporals, sergeants and troopers as the commissioner deems necessary to carry out the duties and functions of the highway patrol. Persons in above named positions shall be appointed by law and have such duties as the commissioner may direct and, except for troopers, shall be selected from the patrol troopers, corporals, sergeants, captains, and majors who shall have had at least five years' experience as either patrol troopers, corporals, sergeants, or supervisors.

(3) Commencing July 6, 1977 July 4, 1979, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

TOTAL YEARS OF SERVICE						
	Base Salary	6 Months	1 Year	2 Years	3 Years	
Trooper	\$1075 \$1186	1117 1229	1163 1327	1209 1377	1257 1439	
		4 thru 6 Years	7 thru 11 Years	12 thru 20 Years	After 20 Years	
Trooper	\$1308 \$1511	1359 1566	1413 1625	1470 1687		
		5 thru 11 Years	12 thru 20 Years	After 20 Years		
Trooper I	\$1359 \$1566	1413 1625	1470 1687			
			10 thru 20 Years	After 20 Years		
Corporal			\$1438 \$1650	1495 1712		
Staff Sergeant			Years			
	7	8	9	10	11	12 thru 20 After 20
	\$1442	1471	1500	1531	1561	1590 1648
	\$1656	1687	1719	1753	1786	1817 1880

TIME IN RANK

	Base Salary	1 Year	2 Years	After 12 Years total Service	After 20 Years total Service
Captain	\$1720 \$1959	1778 2020	1835 2083	1892 2143	1945 2202
Major	1979 2239	2035 2301		2093 2363	2150 2425
Lt. Col.	2179	2236		2294	2350

Commencing July 2, 1980, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

TOTAL YEARS OF SERVICE					
	Base Salary	6 Months	1 Year	2 Years	3 Years
Trooper	\$1257	1303	1407	1460	1525
		4 thru 6 Years	7 thru 11 Years	12 thru 20 Years	After 20 Years
Trooper	\$1602	1660	1723	1788	

	5 thru 11 Years	12 thru 20 Years	After 20 Years			
Trooper I	\$1660	1723	1788			
		10 thru 20 Years	After 20 Years			
Corporal		\$1747	1815			
Staff Sergeant		Years				
7	8	9	10	11	12 thru 20	After 20
\$1755	1788	1822	1858	1893	1926	1993

TIME IN RANK

	Base Salary	1 Year	2 Years	After 12 Years Total Service	After 20 Years Total Service
Captain	\$2077	2141	2208	2272	2334
Major	\$2373	2439		2505	2571

Employees designated as station sergeants shall receive an additional three percent above the current rate rounded to the nearest dollar for the duration of the appointment. Employees permanently assigned exclusively to Twin City metropolitan freeway duty shall be designated freeway troopers and shall be compensated \$25 per month above their current salary when so assigned. Salary increases in accordance with the above schedule shall become effective for the payroll period nearest the employee's anniversary date of employment.

In addition to the rates of pay provided above, all employees compensated according to the above salary table shall be paid a cost of living allowance to be determined and redetermined in the following manner:

For each full four-tenths point increase in the consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, Minnesota (new series index 1967=100) as published for the months January, 1977, and October, 1977, by the Bureau of Labor Statistics of the United States Department of Labor all hourly rates of pay shall be increased by one cent per hour. The increase, if any, in salaries generated by this formula shall become effective January 4, 1978, and shall continue in effect until July 5, 1978. A redetermination of the cost of living allowance shall be made for April, 1978. For each full four-tenths point increase in the consumer price index for urban wage earners and clerical workers for Minneapolis-St. Paul, (new series index 1967=100) as published for the months of January, 1977, and April, 1978, by the Bureau of Labor Statistics, all hourly rates of pay shall be increased by one cent per hour. The increase, if any, in salaries generated by this redetermination shall be effective July 5, 1978. For the purpose of this clause, the term "hourly rate of pay" means the monthly salary of a rank set forth herein divided by 174.

During periods when such cost of living allowance is in effect, it shall be added to the applicable monthly rates of pay for highway patrol trooper, corporal, sergeant, captain, major and lieutenant colonel, and treated as a part thereof in all calculations involving employees' pay. Cost of living adjustments are not cumulative and allowances paid under an earlier determination shall cease when a redetermination takes effect.

The commissioner of finance shall transfer to the department of public safety the necessary amount to finance the increased cost of the cost of living provisions of this clause. This amount is appropriated from the trunk highway fund to the department of public safety for this purpose.

(4) Upon promotion, the person will be paid at the base salary rate of pay in effect for that rank, and shall subsequently be eligible for the time in rank increases calculated from the effective date of promotion.

(5) Any time in rank increases in salary provided for in the tables in clause (3), shall be effective for the payroll period nearest the employee's anniversary date of employment.

The salary rates for all highway patrol troopers, corporals and sergeants as cited in clause (3) shall be deemed to include reimbursement for shift differential, meal and business expenses incurred by highway patrol troopers, corporals and sergeants in the performance of their assigned duties in their patrol areas; business expenses include, but are not limited to: uniform costs, home garaging of squad cars and maintenance of home office.

Sec. 80. Minnesota Statutes 1978, Section 299D.03, Subdivision 3, is amended to read:

Subd. 3. [AIR PATROL; SALARY ADJUSTMENT.] The commissioner of public safety shall increase the salary of any member of the Minnesota highway patrol in an amount not to exceed \$140 per month for operation of fixed wing aircraft and \$175 per month for operation of helicopter during the period in which such member of the patrol is assigned air patrol duty. The commissioner of public safety may appoint, from among the members of the patrol assigned to air patrol duty, a chief pilot who shall receive \$125 per month in addition to the air patrol duty salary differential permitted by this subdivision, *be compensated at the same rate of pay as a captain during the period of his assignment as chief pilot.*

Sec. 81. Minnesota Statutes 1978, Section 299D.03, Subdivision 9, is amended to read:

Subd. 9. [CHARGES AGAINST PATROLMEN.] (a) Charges against any state highway patrolman shall be made in writing and signed and sworn to by the person making the same, which written charges shall be filed with the commissioner. Upon the filing of same, if the commissioner shall be of the opinion that such charges constitute a ground for suspension, demotion, or discharge, he shall order a hearing to be had thereon and fix a time for such hearing and may designate a subordinate as his deputy to conduct

such hearing. Otherwise he shall dismiss the charges. At least ten days before the time appointed for the hearing, written notice specifying the charges filed and stating the name of the person making the charges, shall be served on the employee personally or by leaving a copy thereof at his usual place of abode with some person of suitable age and discretion then residing therein. If the commissioner orders a hearing he may suspend such employee pending his decision to be made after such hearing.

(b) ~~The exclusive representative of Members of the state highway patrol shall have the option of utilizing either the contractual grievance procedure or the legal remedies of this section, but in no event both. Notwithstanding the above, any employee may utilize the provisions of subdivisions 10 and 11.~~

(c) The commissioner, after having been informed by the exclusive representative that the employee against whom charges have been filed desires to utilize the grievance procedure of the labor agreement, may immediately suspend, demote or discharge the employee without the hearing required by clause (a).

Sec. 82. Minnesota Statutes 1978, Section 355.12, is amended to read:

355.12 [AGREEMENTS.] The state agency, ~~with the approval of the governor,~~ is hereby authorized to enter into an agreement with the secretary of health, education, and welfare, or to modify any such agreement previously made to obtain the benefits of the federal old age survivors insurance system in respect to services performed by employees of any employing unit.

Sec. 83. Minnesota Statutes 1978, Section 355.17, is amended to read:

355.17 [MODIFICATION OF AGREEMENT, RETROACTIVE EFFECT.] Employing units may individually determine whether they desire inclusion in the state social security agreement, and each employing unit desiring such inclusion shall so indicate by submitting a formal resolution to the state agency, including therein the desired starting date for social security coverage. The state agency, ~~with the approval of the governor,~~ may modify the agreement between the state and the secretary of health, education and welfare with respect to employees of any such employing unit, separately, so as to provide social security coverage therefor retroactive to any date subsequent to December 31, 1955.

Sec. 84. Minnesota Statutes 1978, Section 355.207, is amended to read:

355.207 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.206, the state agency, ~~with the approval of the governor,~~ shall be authorized after June 30, 1978, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to teachers. The agreement or

modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 85. Minnesota Statutes 1978, Section 355.23, Subdivision 3, is amended to read:

Subd. 3. Upon such certification, the state agency, ~~with the approval of the governor,~~ shall become authorized to modify the agreement with the secretary of health, education and welfare, previously made as provided in the enabling act, to obtain the benefits of the federal old age and survivors insurance system in respect to services performed by teachers as defined in sections 355.21 to 355.27. Such modification may take effect retroactively to January 1 of the year in which the modification of the agreement is accepted by the secretary of health, education and welfare, and apply to all such services performed after the effective date by teachers who are such on the date the modification is entered into or thereafter, excepting any service of an emergency nature, any service performed by a student, and all services in any class or classes of part-time positions, or positions the compensation for which is on a fee basis.

Sec. 86. Minnesota Statutes 1978, Section 355.286, is amended to read:

355.286 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.285, the state agency ; ~~with the approval of the governor,~~ shall be authorized after June 30, 1978, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to teachers. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 87. Minnesota Statutes 1978, Section 355.295, is amended to read:

355.295 [STATE-FEDERAL AGREEMENT.] Upon such certification as provided herein the state agency ~~or individual so designated with the approval of the governor~~ shall be authorized to enter into an agreement with the secretary of health, education and welfare or modify any such agreement previously made with respect to the employment by public employees. The agreement or modification authorized hereunder shall take effect retroactively and apply to all employment performed after the last day of the fifth calendar year preceding the year in which the agreement or modification is entered into by the employees who are such on the effective date of the agreement or modification. The agreement or modification shall further include within its application, effective with the date of entry into service as public employees, all employment of such public employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the effective date thereof.

The agreement shall not include employment of any public employee who performs service in (a) any position the compensation for which is on a fee basis, (b) any position performing services which, under the social security act, may not be included in any agreement between the state and secretary of health, education and welfare, (c) any position which is an elective office of the state, and (d) any position in a public hospital for which employees are provided coverage under the old age, survivors, and disability insurance provisions of Title II of the Federal Social Security Act under another provision of law. This section applies only to hospitals in existence prior to July 1, 1971.

Sec. 88. Minnesota Statutes 1978, Section 355.308, is amended to read:

355.308 [AGREEMENTS WITH FEDERAL AGENCY.] Upon the governor's certification pursuant to section 355.307, the state agency, ~~with the approval of the governor,~~ shall be authorized after June 30, 1978, to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to municipal employees. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 89. Minnesota Statutes 1978, Section 355.45, is amended to read:

355.45 [STATE AGENCY TO MAKE AGREEMENT WITH SECRETARY OF HEALTH, EDUCATION AND WELFARE.] Upon such certification the state agency, ~~with the approval of the governor,~~ shall be authorized to enter into an agreement with the secretary of health, education and welfare, or modify any such agreement previously made with respect to employment by state employees, public employees, and educational employees. The agreement or modifications shall take effect retroactively and apply to all such employment performed after December 31, 1955, by the employees who are such on that date, and shall include within its application effective with the date of entry into state, public or educational service, all employment by such employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the approval date thereof.

Sec. 90. Minnesota Statutes 1978, Section 355.60, is amended to read:

355.60 [AGREEMENTS WITH FEDERAL AGENCY.] Upon such certification the state agency, ~~with the approval of the governor,~~ shall be authorized to enter into an agreement with the secretary of health, education, and welfare, or modify any such agreement previously made with respect to employment by educational employees. The agreement or modification shall contain such terms and provisions authorized by the social security act and the enabling act as the state agency finds proper.

Sec. 91. Minnesota Statutes 1978, Section 355.76, is amended to read:

355.76 [STATE-FEDERAL AGREEMENT.] Upon such certification the state agency or individual so designated, with the approval of the governor, shall be authorized to enter into an agreement with the secretary of health, education, and welfare or modify any such agreement previously made with respect to the employment by state employees, public employees, and educational employees. The agreement or modification authorized hereunder shall take effect retroactively and apply to all employment performed after December 31 of the year prior to the date of the agreement or modification, by the employees who are such on that date and shall include within its application, effective with the date of entry into service as a hospital employee, all employment by such hospital employees on the date of and subsequent to the approval of the agreement or modification as well as those who are such on the approval date thereof. The agreement under sections 355.71 to 355.81 shall not apply to services in positions the compensation for which is on a fee basis.

Sec. 92. Minnesota Statutes 1978, Section 645.44, Subdivision 5, is amended to read:

Subd. 5. [HOLIDAYS.] "Holiday" includes New Year's Day, January 1; Washington's and Lincoln's Birthday, the third Monday in February; Memorial Day, the last Monday in May; Independence Day, July 4; Labor Day, the first Monday in September; Christopher Columbus Day, the second Monday in October; Veterans Day, November 11; Thanksgiving Day, the fourth Thursday in November; and Christmas Day, December 25; provided, when New Year's Day, January 1; or Independence Day, July 4; or Veterans Day, November 11; or Christmas Day, December 25; falls on Sunday, the following day shall be a holiday and, provided, when New Year's Day, January 1; or Independence Day, July 4; or Veterans Day, November 11; or Christmas Day, December 25; falls on Saturday, the preceding day shall be a holiday. No public business shall be transacted on any holiday, except in cases of necessity and except in cases of public business transacted by the legislature, nor shall any civil process be served thereon. *However, for the executive branch of the state of Minnesota, "holiday" also includes the Friday after Thanksgiving but does not include Christopher Columbus Day. Other branches of state government and political subdivisions shall have the option of determining whether Christopher Columbus Day and the Friday after Thanksgiving shall be holidays. Where it is determined that Columbus Day or the Friday after Thanksgiving is not a holiday, public business may be conducted thereon.*

Any agreement between a public employer and an employee organization citing Veterans Day as the fourth Monday in October shall be amended to cite Veterans Day as November 11.

Sec. 93. *Employees who are represented by the international union of operating engineers, local No. 49, and who are employed*

by the department of transportation and assigned to the central office and districts 5 and 9, shall, in addition to the salaries provided by Minnesota Statutes, Section 43.12, receive a supplemental adjustment of 12 cents per hour.

Sec. 94. The one percent differential established by Laws 1977, Chapter 452, Section 30, for the classes crime laboratory analyst 1, 2, and 3 and identification officer shall continue in effect for the period July 4, 1979, to July 1, 1981.

Notwithstanding Minnesota Statutes, Section 43.12, Subdivision 14, effective July 2, 1980, one additional step shall be added to the salary ranges for the classes crime laboratory analyst 2 and 3 and identification officer. An employee assigned to one of those classes shall be advanced in pay from his rate of pay immediately preceding that date to the next step within the salary range for his classification. The salary increases provided by this section are in addition to the salaries provided by Minnesota Statutes, Section 43.12.

Sec. 95. In lieu of a birthday holiday, employees in the classes crime investigator 1 and 2, crime laboratory analyst 1, 2, and 3, assistant identification officer and identification officer, and employees represented by the Minnesota government engineers council shall receive a one time lump sum payment in an amount equal to the employee's regular hourly rate of pay on July 4, 1979 times 16 hours.

Sec. 96. The commissioner of public safety is authorized to reimburse employees covered by the agreement with the bureau of criminal apprehension association of forensic scientists up to a maximum of \$100 a year for professional dues for job related organizations.

Sec. 97. Employees who are represented by the Minnesota teamsters public and law enforcement employees union, local No. 320, and who are employed by the department of administration, or by the department of public safety in the classes security guard, law compliance representative 1, or liquor control investigator specialist and headquartered in the Minneapolis-St. Paul metropolitan area, Rochester and Duluth, or by the state board for community colleges in the classes general maintenance worker or general repair worker and assigned to Anoka-Ramsey, Inver Hills, Lakewood, Metropolitan, Normandale or North Hennepin community college shall receive, in addition to the salaries provided by, Minnesota Statutes, Section 43.12, a supplemental travel allowance of \$20 per month. The commissioner of personnel may extend the supplemental travel allowance of \$20 per month to employees who are employed by the department of transportation in the class right-of-way agent and assigned to the central office and districts 1a, 5, 6a and 9.

Sec. 98. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of public safety, bureau of criminal apprehension, who are

represented by the bureau of criminal apprehension agents association shall receive the following salary increases:

(1) Effective July 4, 1979, the salary rates and ranges for the classes crime investigators 1 and 2 shall be increased 5.3 percent over the salary rates and ranges in effect on July 3, 1979.

(2) Effective July 2, 1980, the salary rates and ranges for the classes crime investigator 1 and 2 shall be increased 3.8 percent over the salary rates and ranges in effect on July 1, 1980.

Sec. 99. In lieu of the salaries and cost of living adjustments provided by Minnesota Statutes, Section 43.12, Subdivisions 2, 3, and 10, employees of the departments of corrections and public welfare who are represented by the professional employee pharmacists of Minnesota shall receive the following salary increases:

(1) Effective July 4, 1979, the salary rates and ranges for the classes hospital pharmacist and hospital pharmacist senior shall be increased by 6.5 percent over the salary rates and ranges in effect on July 3, 1979.

(2) Effective July 2, 1980, the salary rates and ranges for the classes hospital pharmacist and hospital pharmacist senior shall be increased by 5 percent over the salary rates and ranges in effect on July 1, 1980.

Sec. 100. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of transportation who are represented by the middle management association shall receive the following salary increases:

(1) Effective July 4, 1979, the salary rates and ranges for covered employees shall be increased by 13 percent over the salary rates and ranges in effect on July 7, 1977.

(2) Effective July 2, 1980, the salary rates and ranges for covered employees shall be increased 4.4 percent over the salary rates and ranges in effect on July 1, 1980.

Sec. 101. Notwithstanding the provisions of Minnesota Statutes, Section 43.50, for employees of the department of transportation who are represented by the middle management association, the department of transportation shall pay the full cost of dependent hospital-medical insurance coverage up to \$60 per month or the cost of the Blue Cross/Blue Shield premium attributable to dependent coverage, whichever is greater.

Sec. 102. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, employees of the department of natural resources who are represented by the Minnesota conservation officers association shall receive the following salary increases:

(1) Effective July 4, 1979, the salary rates and ranges for the classes natural resources specialist (conservation officer) 1, 2, 3, and 4 shall be increased 13 percent over the salary rates and ranges in effect on July 7, 1977.

(2) *Effective July 2, 1980, the salary rates and ranges for the classes natural resources specialist (conservation officer) 1, 2, 3, and 4 shall be increased 4.4 percent over the rates and ranges in effect on July 1, 1980.*

(3) *In addition to the adjustments made by paragraphs (1) and (2), each covered employee shall receive an increase of seven cents per hour in lieu of a birthday holiday. The seven cents per hour shall not be included in the wage rate base for purposes of determining the 4.4 percent increase effective July 2, 1980.*

(4) *Vehicles purchased by the state for the official use of conservation officers shall be equipped pursuant to the terms of the agreement. Officers shall be supplied with flak jackets pursuant to the terms of the agreement.*

Sec. 103. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, effective July 4, 1979, employees of the department of public welfare who are represented by the Minnesota nurses association shall receive the following salary increases:

(1) *Covered employees who were paid at a rate of \$1,014 or \$1,051 per month on July 3, 1979 shall be paid at a rate of \$1,133 per month.*

(2) *The salary rates and ranges for all other covered employees shall be increased by six percent over the salary rates and ranges in effect on July 3, 1979.*

In lieu of a birthday holiday covered employees shall receive one floating holiday per year.

Sec. 104. Employees who are represented by the Minnesota government engineers council and who are employed by the department of transportation in the classes radio engineer I, principal highway technician and principal engineering aide shall receive, in addition to the salaries provided by Minnesota Statutes, Section 43.12, a one time lump sum payment of \$438.

Sec. 105. Notwithstanding the provisions of Minnesota Statutes, Section 43.12, Subdivision 17, the severance pay provisions of the collective bargaining agreements with the Minnesota community college faculty association, the IFO/MEA, the Minnesota State University Association of Administrative and Service Faculty/Teamsters, the Minnesota highway patrol officers association and the Minnesota highway patrol supervisors association are approved.

Sec. 106. The commissioner of transportation is authorized to reimburse employees covered by the agreement with the Minnesota government engineers council up to a maximum of \$50 a year for professional dues for job related organizations.

Sec. 107. Effective July 2, 1980, employees of the departments of welfare and corrections who are represented by the association

of institutional dentists shall receive, in addition to the salaries provided by Minnesota Statutes, Section 43.12, a 35 cent per hour differential.

Sec. 108. Employees of the department of corrections who are represented by the Minnesota teamsters public and law enforcement employees, local No. 320, shall receive, in addition to the salaries and differentials provided by Minnesota Statutes, Section 43.12, the following salary adjustments:

(1) Employees in the classes correctional counselor 1, 2 and 3, shall receive a 6 cent per hour differential.

(2) Employees in the classes electrician, painter and plant maintenance engineer shall receive a 10 cent per hour differential.

(3) Effective July 2, 1980, the hourly rate of pay for employees in the classes delivery van driver and janitor, senior shall be increased by 2½ percent, rounded to the nearest cent.

(4) These employees shall receive the same bonus as that provided for in section 115.

Sec. 109. Any employee except an emergency, project or temporary employee, who is compensated pursuant to section 43.12 and excluded from a bargaining unit by section 179.74, subdivision 4, or who is represented by the American federation of state, county and municipal employees, Council No. 6, AFL-CIO, shall receive:

(1) a lump sum bonus of \$225 payable no later than July 31, 1979, provided he was employed prior to January 1, 1979 and was still employed on July 1, 1979.

(2) A lump sum bonus of \$225 payable no later than July 31, 1980, provided he was employed prior to January 1, 1980 and was still employed on July 1, 1980. However, intermittent employees and nontenured laborers who otherwise meet the employment requirements of this section shall only be eligible to receive the bonus after completion of 100 working days in any 12 month period. Part time employees who meet the employment requirement of this section shall receive a bonus of \$137.50 on each of the dates specified in this section.

An employee shall be considered to be employed on July 1, 1979 and July 1, 1980 if he is in payroll status, on approved leave of absence, or on seasonal layoff on that date.

The bonus provided by this section shall not be considered as salary for the purposes of section 352.01, subdivision 13.

Sec. 110. The commissioner is authorized to establish a procedure for paying eligible employees, under the holiday pay provisions of the personnel rules or as required by a collective bargaining agreement, whichever is applicable, for a birthday holiday.

Sec. 111. Notwithstanding the provisions of section 179.74, subdivision 5, a state employee whose exclusive representative, as de-

fined by section 179.63, subdivision 6, was unable to enter into an agreement with the state covering wages and economic fringe benefits on or before May 15, 1979, as a result of an order to cease and desist bargaining issued by the director of mediation services, shall receive the applicable wage and economic fringe benefit increases provided by this act.

Sec. 112. The duties, personnel complement of six persons, and appropriation involved in discharging the duties of the department of public service under Minnesota Statutes, Chapters 223, 229, 231, 232, 233, 234, 235, and 236 are transferred to the department of agriculture as of July 1, 1979. Nothing herein shall be construed as abrogating or modifying any rights now enjoyed by affected employees under the terms of an agreement between an exclusive representative of public employees and the state or one of its appointing authorities.

Sec. 113. [PERSONNEL SYSTEM STUDY; APPROPRIATION.] There is appropriated to the legislative commission on employee relations the sum of \$100,000 for the period ending July 1, 1981, to be used for a study of the state personnel system. A primary focus of the study will be the interrelationship of the civil service system with the public employment labor relations act, as that act applies to state employees. The goal of the study will be the preparation of a report for the legislature containing alternative recommendations by which improvements could be made in applicable laws, rules, structures and procedures. Specific areas to be studied include, but are not necessarily limited to, bargaining procedures, compensation, classification, work force size and turnover, and personnel administration. In performing this study, attention shall be given to methods for preserving and strengthening the role for collective bargaining in the system. Consideration shall also be given to past reports and studies dealing with the state's personnel system and to innovative improvements made in civil service systems by the federal government and other states. The study shall also examine state laws with respect to local civil service systems and local public employee labor negotiations.

The commission shall study and report to the legislature as to its recommendations, including proposed legislation, with respect to (1) merit pay system, progression, and cost of living adjustments for state employees (2) a mechanism for transferring the duty to negotiate with state employees on behalf of the state from the department of personnel to an independent office of state employee contract negotiations (3) the feasibility of an unfair labor practices board, and (4) the annual health evaluation and screening program.

To the extent practicable, use shall be made of existing legislative staff and other resources. In the performance of this study, there shall be frequent consultation with persons and groups involved with or directly affected by the state civil service system. The heads of state agencies shall give their full cooperation in the performance of this study.

The final report of the study, together with any proposed statutory amendments, shall be submitted to the commission no later than November 15, 1980. Any recommendations of the study which will substantially affect the collective bargaining process leading to the 1981-1982 biennium shall be submitted no later than December 1, 1979.

Sec. 114. [REPEALER.] *Effective July 1, 1981, Minnesota Statutes 1978, Sections 43.03; 43.06; 43.062; 43.063; 43.064; 43.065; 43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12; 43.121; 43.122; 43.126; 43.127; 43.128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.245; 43.321; 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 43.44; 43.45; 43.46; 43.48; 43.49; 43.50; and 43.51 are repealed.*

Sec. 115. [APPROPRIATION.] *Subdivision 1. There is appropriated to the legislative commission on employee relations the sum of \$100,000 for the period ending July 1, 1981, to be used for its general operating purposes.*

Subd. 2. There is appropriated to the commissioner of finance the sum of \$100,000 for the purpose of preparing the plan required by section 4.

Subd. 3. [OPEN APPROPRIATIONS: COMPENSATION INCREASES.] (a) The compensation and economic benefit increases covered by this clause are those paid to classified and unclassified employees in the executive, legislative, and judicial branches of state government, and to employees of the Minnesota historical society and nonacademic employees of the university of Minnesota who are paid from state appropriations, if the increases are authorized by law during the 1979 session of the legislature or by appropriate resolutions for employees of the legislature. The amounts necessary to pay compensation and economic benefit increases covered by this clause are appropriated from the various funds in the state treasury from which salaries are paid to the commissioner of finance for the fiscal years ending June 30, 1980, and June 30, 1981.

(b) The cost of living increases covered by this clause are those paid to classified employees pursuant to sections 43.12, subdivision 10 and 43.127, those paid to unclassified employees who are paid salaries comparable to employees in the classified service, and those paid to unclassified employees in the executive, legislative, and judicial branches of state government, and to employees of the Minnesota historical society and nonacademic employees of the university of Minnesota who are paid from state appropriations, if the increases are authorized by law during the 1979 session of the legislature or by appropriate resolutions for employees of the legislature. The amounts necessary to pay cost of living increases covered by this clause are appropriated from the various funds in the state treasury from which their salaries are paid to the commissioner of finance for the fiscal years ending June 30, 1980, and June 30, 1981.

(c) The amounts necessary to pay increased premium rates for basic life insurance and basic health benefit coverage authorized

for eligible state employees and their dependents, in the event that these rates are increased over the rates in existence at the time of the passage of this act, are appropriated from the various funds in the state treasury from which these premiums are paid, to the commissioner of finance for the fiscal years ending June 30, 1980 and June 30, 1981.

(d) The commissioner shall transfer the necessary amounts to the proper accounts and shall promptly notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount transferred to each appropriation account.

(e) Money certified as needed by the university of Minnesota and transferred to it under this subdivision shall be used only for the purpose certified. Any amount transferred that exceeds the actual amount of cost of living increases or insurance premium increases paid to or for university employees until June 30, 1981 shall be returned to the general fund.

Sec. 116. [EFFECTIVE DATE.] The effective dates for Article I are as follows: sections 2, 4, 8, 40, 45, 46, 47, 58, 61, 65, 82-91, and 113 are effective upon final enactment. Section 64, is effective June 30, 1980. Sections 3, 5, 6 and 7 are effective July 1, 1981. The remaining provisions of Article I are effective July 1, 1979. The provisions of section 47 shall apply to all disciplinary actions taken on or after the effective date of section 47. The provisions of sections 63, 93 to 111 and 113 shall expire on July 1, 1981. The provisions of section 137.02, subdivision 4, shall not apply to sections 93 to 111.

ARTICLE II

Section 1. Minnesota Statutes 1978, Section 15A.081, is amended to read:

15A.081 [SALARIES AND SALARY RANGES FOR CERTAIN EMPLOYEES.] Subdivision 1. The following salaries or salary ranges are provided for the below listed employees in the executive branch of government:

		Base Salary or Range	
		Effective July 1, 1979	Effective July 1, 1980
Administration, department of commissioner	\$41,000	\$44,000	\$47,000
Agriculture, department of commissioner	36,000	38,000	40,000
Attorney general, office of deputy attorney general	23,000-42,000		

	Base Salary or Range		
		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
	\$	\$	\$
Commerce, department of			
commissioner of banks	32,000	34,000	36,500
commissioner of insurance	32,000	34,000	36,500
commissioner of securities	32,000	34,000	36,500
<i>director of consumer services</i>		28,000	30,000
executive secretary			
commerce commission	27,000		
Community college system			
chancellor	41,000	44,000	46,000
Corrections, department of			
commissioner	36,000	42,000	45,000
ombudsman	32,000	33,000	35,000
Crime prevention and control			
<i>planning board,</i>			
governor's commission on			
executive director	32,000	33,000	35,000
Economic development, department of			
commissioner	32,000	34,000	36,000
Economic security, department of			
commissioner	41,000	43,000	45,000
Education, department of			
commissioner	41,000	43,000	45,000
Energy agency			
director	36,000	38,000	40,000
Finance, department of			
commissioner	45,000	48,000	50,000
Health, department of			
commissioner	41,000	47,000	49,000
Hearing examiners office			
chief hearing examiner	36,000	38,000	40,000
Higher education coordinating board			
executive director	36,000	40,000	42,000
Housing finance agency			
executive director	36,000	39,000	41,000
Human rights, department of			
commissioner	29,000	31,000	33,000
Indian affairs board			
executive director	25,000	27,000	29,000

	Base Salary or Range		
		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
	\$	\$	\$
Investment, board of executive secretary	41,000	42,000	44,000
Iron range resources and rehabilitation board commissioner	29,000	30,000	31,000
Labor and industry, department of commissioner	36,000	38,000	40,000
judge of the workers' compensation court of appeals	36,000	38,000	40,000
<i>Mediation services, bureau of director, mediation services</i>	29,000	36,000	38,000
Natural resources, department of commissioner	41,000	44,000	47,000
Personnel, department of commissioner	41,000	44,000	47,000
Planning agency director	41,000	43,000	45,000
Pollution control agency director	36,000	38,000	40,000
Public safety, department of commissioner	36,000	38,000	41,000
Public service, department of commissioner, public service commission	32,000	34,000	36,000
director	32,000	34,000	36,000
Public welfare, department of commissioner	41,000	44,000	48,000
Revenue, department of commissioner	41,000	44,000	47,000
State university system chancellor	41,000	44,000	46,000
Transportation, department of commissioner	41,000	44,000	48,000
Veterans affairs, department of commissioner	29,000	31,000	33,000

Subd. 5. A deputy of a position listed in subdivision 1, ~~other than the attorney general~~, shall be paid a base salary equal to 90 ~~95~~ percent of the salary of the head of that department or agency as listed in subdivision 1.

Subd. 6. The following salaries are provided for the constitutional officers of the state:

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
Governor	\$58,000	\$62,000	\$66,500
Attorney general	40,000	52,500	56,000
Lieutenant governor	36,000	38,000	40,000
Auditor	30,000	34,000	36,000
Secretary of state	30,000	34,000	36,000
Treasurer	30,000	34,000	36,000

The salaries of the *chief deputy attorney general*, deputy auditor, deputy secretary of state and deputy treasurer shall be ~~90~~ 95 percent of the salaries of their respective superior constitutional officers. ~~The deputies shall be eligible for achievement awards as provided in section 43.069.~~

Subd. 7. The following salaries are provided for officers of metropolitan agencies:

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
Chairman, metropolitan council	\$30,000		
<i>(part-time)</i>		\$21,000	\$22,500
<i>(full-time)</i>		42,000	44,500
Chairman, metropolitan airports commission	10,000	10,500	11,500
Chairman, metropolitan transit commission	33,500		
<i>(part-time)</i>		18,000	19,000
<i>(full-time)</i>		36,000	38,000
Chairman, metropolitan waste control commission	15,000	16,000	17,000

Fringe benefits for unclassified employees of the metropolitan waste control commission shall not exceed those fringe benefits received by unclassified employees of the metropolitan council.

Sec. 2. Minnesota Statutes 1978, Section 15A.083, Subdivision 1, is amended to read:

15A.083 [SALARIES FOR POSITIONS IN THE JUDICIAL BRANCH.] Subdivision 1. [ELECTIVE JUDICIAL OFFICERS.] The following salaries shall be paid annually to the enumerated elective judicial officers of the state:

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
(1) Chief justice of the supreme court	----- \$52,000	\$56,000	\$59,000

		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
	\$	\$	\$
(2) Associate justice of the supreme court	----- 49,000	52,500	56,000
(3) District judge, judge of county court (learned in the law), probate court, and county municipal court	----- 42,000	45,000	48,000
(4) Judge of a county court (not learned in the law)	----- 27,000	29,500	31,500

Sec. 3. Minnesota Statutes 1978, Section 15A.083, Subdivision 2, is amended to read:

Subd. 2. [COUNTY COURT AND COUNTY MUNICIPAL JUDGES.] (1) Notwithstanding any other law to the contrary, the salary paid to a judge of a county court shall also be paid to judges of the probate court of St. Louis county and to judges of the Duluth municipal court.

(2) Judges of the county municipal courts, and county courts in the counties of Hennepin, Ramsey, Washington, Anoka, Scott, St. Louis, Carver and Dakota ----- \$42,000 shall receive a salary of \$45,000, effective July 1, 1979, and \$48,000, effective July 1, 1980.

(3) If any judge enumerated in this subdivision dies while in office, the amount of his salary remaining unpaid for the month in which his death occurs, shall be paid to his estate.

Sec. 4. Minnesota Statutes 1978, Section 15A.083, Subdivision 4, is amended to read:

Subd. 4. [RANGES FOR OTHER JUDICIAL POSITIONS.] Salaries or salary ranges are provided for the following positions in the judicial branch of government. The appointing authority of ~~positions any position~~ for which ~~ranges have a salary range~~ has been provided shall fix ~~the individual salaries under the provisions of section 15A.081, subdivision 2~~ salary within the prescribed range, considering the qualifications and overall performance of the employee. Appointments to fill vacancies shall not be made above the midpoint of the salary range prescribed for the position unless the personnel board has been consulted in advance and its approval obtained. Any salary increase that would adjust an employee's rate of pay beyond the midpoint of the range prescribed for the position must be approved in advance by the personnel board.

		<i>Salary or Range</i>	
		<i>Effective July 1, 1979</i>	<i>Effective July 1, 1980</i>
Public defender	\$35,000	\$37,500	\$40,000
District administrator	25,000-35,000	27,000-37,500	28,500-40,000
County attorneys council executive director	20,400-20,700	22,000-32,000	23,500-34,000
<i>Board on judicial standards executive director</i>		36,000	38,000
<i>State court administrator</i>		44,500	47,000

Sec. 5. Minnesota Statutes 1978, Section 43.126, Subdivision 1, is amended to read:

43.126 [SPECIAL RATES OF PAY.] Subdivision 1. Notwithstanding the provisions of sections 43.12 and 43.121 to 43.123, the following salary ranges are established with annual salaries as shown:

Range A	\$20,000 \$32,000	to	\$40,500 \$45,000
Range B	\$35,500 \$37,000	to	\$48,000 \$54,000
Range C	\$40,000 \$42,000	to	\$57,500 \$67,500

Sec. 6. [TEMPORARY PROVISION.] *No incumbent whose salary is prescribed in section 15A.083 shall suffer a decrease in salary as a result of this act. If the midpoint of the salary range prescribed by section 15A.083 is less than the salary the incumbent is earning on the day prior to the effective date of this act, the incumbent shall continue to receive that salary for as long as he holds that position, but he shall not be eligible for increases (1) until his salary is no longer higher than the midpoint of the range for that position or (2) unless the personnel board approves an increase.*

Sec. 7. [REPEALER.] *Minnesota Statutes 1978, Section 15A.083, Subdivision 4a, is repealed.*

Sec. 8. *Article II is effective July 1, 1979.*"

Further, amend the title by striking it and inserting:

"A bill for an act relating to state government; setting wage and fringe benefits to employees in the executive and judicial branches of state government; ratifying certain collective bargaining agreements; making changes in the state civil service and personnel laws; making changes in public employment labor relations law; creating a legislative commission on employee relations; providing for a study of state employment and labor relations prac-

tices; providing for attrition in state funded personnel positions; transferring certain duties from the public service commission to the department of agriculture; appropriating money; amending Minnesota Statutes 1978, Sections 15.0411, Subdivision 2; 15A.081; 15A.083, Subdivisions 1, 2, and 4; 15A.13; 16A.123; 43.01, Subdivisions 10, 11, 14 and by adding a subdivision; 43.05, Subdivision 2; 43.055; 43.064; 43.09, Subdivisions 2 and 2a; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 15, 16, 17, 23, 24, 25 and by adding subdivisions; 43.122, Subdivision 5; 43.126, Subdivision 1; 43.127, Subdivision 6; 43.15, Subdivision 5; 43.17, Subdivisions 3 and 4a; 43.19; 43.20, Subdivisions 3 and 5; 43.227; 43.24; 43.32, Subdivision 4; 43.327, Subdivisions 2 and 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.47, Subdivision 2; 43.491, Subdivision 5; 43.50, Subdivision 1; 43.51; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.64, Subdivision 7; 179.65, Subdivision 6; 179.66, Subdivision 1; 179.67, by adding a subdivision; 179.72, by adding subdivisions; 179.74, Subdivisions 4 and 5; 223.02; 229.01, Subdivision 2; 229.07; 231.01, Subdivisions 1 and 2; 232.01, Subdivision 1; 233.01, Subdivision 1; 233.03; 234.02; 234.10; 235.01; 236.01, Subdivision 5; 299D.03, Subdivisions 2, 3 and 9; 355.12; 355.17; 355.207; 355.23, Subdivision 3; 355.286; 355.295; 355.308; 355.45; 355.60; 355.76; 645.44, Subdivision 5; and Chapter 3, by adding a section; repealing Minnesota Statutes 1978, Sections 15A.083, Subdivision 4a; 43.03; 43.06; 43.062; 43.063; 43.064; 43.065; 43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12; 43.121; 43.122; 43.126; 43.127; 43.128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.245; 43.321; 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 43.44; 43.45; 43.46; 43.48; 43.49; 43.50; and 43.51."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Michael R. Sieben, Stanley A. Enebo, James C. Pehler, Gerald C. Knickerbocker, John T. Rose, Charles C. Halberg.

Senate Conferees: (Signed) Nicholas D. Coleman, Edward J. Gearty, Tom Nelson, John C. Chenoweth, Robert O. Ashbach.

Mr. Coleman moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1467 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1467: A bill for an act relating to state government; setting wage and fringe benefits to employees in the executive and judicial branches of state government; ratifying certain collective bargaining agreements; making changes in the state civil service and personnel laws; making changes in public employment labor relations law; creating a legislative commission on employee relations; providing for a study of state employment and labor relations practices; providing for attrition in state funded personnel positions; transferring certain duties from the public service commission to

the department of agriculture; appropriating money; amending Minnesota Statutes 1978, Sections 15.0411, Subdivision 2; 15A.081; 15A.083, Subdivisions 1, 2, and 4; 15A.13; 16A.123; 43.01, Subdivisions 10, 11, 14 and by adding a subdivision; 43.05, Subdivision 2; 43.055; 43.064; 43.09, Subdivisions 2 and 2a; 43.12, Subdivisions 2, 3, 5, 6, 7, 8, 8a, 10, 12, 14, 15, 16, 17, 23, 24, 25 and by adding subdivisions; 43.122, Subdivision 5; 43.126, Subdivision 1; 43.127, Subdivision 6; 43.15, Subdivision 5; 43.17, Subdivisions 3 and 4a; 43.19; 43.20, Subdivisions 3 and 5; 43.227; 43.24; 43.32, Subdivision 4; 43.327, Subdivisions 2 and 3; 43.43, by adding a subdivision; 43.44, Subdivision 2; 43.47, Subdivision 2; 43.491, Subdivision 5; 43.50, Subdivision 1; 43.51; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.64, Subdivision 7; 179.65, Subdivision 6; 179.66, Subdivision 1; 179.67, by adding a subdivision; 179.72, by adding subdivisions; 179.74, Subdivisions 4 and 5; 223.02; 229.01, Subdivision 2; 229.07; 231.01, Subdivisions 1 and 2; 232.01, Subdivision 1; 233.01, Subdivision 1; 233.03; 234.02; 234.10; 235.01; 236.01, Subdivision 5; 299D.03, Subdivisions 2, 3 and 9; 355.12; 355.17; 355.207; 355.23, Subdivision 3; 355.286; 355.295; 355.308; 355.45; 355.60; 355.76; 645.44, Subdivision 5; and Chapter 3, by adding a section; repealing Minnesota Statutes 1978, Sections 15A.083, Subdivision 4a; 43.03; 43.06; 43.062; 43.063; 43.064; 43.065; 43.067; 43.068; 43.069; 43.07; 43.09; 43.111; 43.12; 43.121; 43.122; 43.126; 43.127; 43.128; 43.13; 43.14; 43.162; 43.17; 43.18; 43.19; 43.20; 43.21; 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; 43.245; 43.321; 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 44; 43.45; 43.46; 43.48; 43.49; 43.50; and 43.51.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called and there were yeas 62 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Perpich	Spear
Ashbach	Gearty	Laufenburger	Peterson	Staples
Bang	Gunderson	Lessard	Pillsbury	Strand
Benedict	Hanson	Luther	Purfeerst	Stumpf
Bernhagen	Hughes	McCutcheon	Renneke	Tennessee
Brataas	Humphrey	Menning	Rued	Ueland, A.
Chenoweth	Jensen	Merriam	Schaaf	Ulland, J.
Chmielewski	Johnson	Moe	Schmitz	Vega
Coleman	Keefe, S.	Nelson	Setzepfandt	Wegener
Davies	Kirchner	Ogdahl	Sieloff	Willet
Dieterich	Kleinbaum	Olhoft	Sikorski	
Dunn	Knaak	Olson	Sillers	
Engler	Knoll	Penny	Solon	

Mr. Nichols voted in the negative.

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

MOTIONS AND RESOLUTIONS—CONTINUED**CONFIRMATION**

Mr. Anderson moved that the report from the Committee on Energy and Housing, reported May 9, 1979, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Anderson moved that the foregoing report be now adopted. The motion prevailed.

Mr. Anderson moved that in accordance with the report from the Committee on Energy and Housing, reported May 9, 1979, the Senate, having given its advice, do now consent to and confirm the appointment of:

MINNESOTA HOUSING FINANCE AGENCY

Shirley Van Dyck, Route 2, Tract 33, Cass Lake, Cass County, effective April 19, 1979, for a term expiring the first Monday in January, 1980.

The motion prevailed. So the appointment was confirmed.

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 1504 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1504

A bill for an act relating to the organization and operation of state government; appropriating money for maintenance of various semi-state activities and for other purposes with certain conditions; authorizing basic life insurance and health benefits coverage for employees of semi-state agencies; amending Minnesota Statutes 1978, Sections 43.43, Subdivision 2; 138.01, by adding a subdivision; 139.10, Subdivision 2; 139.17, Subdivision 2; and 139.18, Subdivision 1.

May 21, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1504, report that we have agreed upon the items in dispute and recommend as follows:

Delete everything after the enacting clause and insert:

“Section 1. [SEMI-STATE ACTIVITIES; APPROPRIATIONS.] The sums set forth in the columns designated “APPROPRIATIONS” are appropriated from the general fund, or any other fund designated, 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 "1980", and "1981", wherever used in this act, mean that the appropriation or appropriations listed thereunder are available for the year ending June 30, 1980, or June 30, 1981, respectively.

SUMMARY BY FUND

	1980	1981	TOTAL
General	\$ 9,967,900	\$ 9,964,000	\$19,931,900
Tr. Hwy.	47,500	47,500	95,000
TOTAL	\$10,015,400	\$10,011,500	\$20,026,900

APPROPRIATIONS

Available for the Year
Ending June 30

1980 1981

\$

\$

Sec. 2. GENERAL GOVERNMENT

Subdivision 1. Great Lakes Commission	34,500	36,000
Subd. 2. Minnesota-Wisconsin Boundary Area Commission	48,300	50,800
The amount expended shall not exceed the amount provided for the commission by the state of Wisconsin.		
Subd. 3. Uniform Laws Commission ..	10,000	10,000

Sec. 3. STATE HORTICULTURAL SOCIETY

For maintenance	65,500	65,500
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Sec. 4. EDUCATION, LIBRARIES, MUSEUMS AND RECREATION

Subdivision 1. Minnesota Historical Society	6,514,400	6,349,500
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The amounts that may be expended from this appropriation for each program are as follows:

(a) General Operations and Management	2,897,500	2,947,500
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This appropriation includes money for a seven-day-a-week tour program in the capitol and historical buildings. The historical building shall remain open for public use on Saturdays and, if necessary, adjustments in the remainder of

	1980	1981
	\$	\$

the week day schedule may be effected by the Minnesota historical society.

Any unencumbered balance remaining at the end of the first year shall be returned to the state treasury and credited to the general fund.

(b) Historic Site Operations	3,194,400	3,200,800
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\$543,000 each year is 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.

(c) Interpretive Center Development..	175,000	
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This appropriation shall be used for matching grants to localities to plan and construct interpretive centers, provided they can demonstrate their ability to operate and maintain the centers.

(d) Sibley House Association	62,500	16,200
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This appropriation is available for maintenance of the Sibley House and related buildings on the Old Mendota state historic site owned by the Sibley House Association.

\$46,300 the first year is for purchase of security and smoke detection equipment, for grading to prevent further water damage, and for elm tree removal. Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium. Any unexpended balance remaining after the purchase of the equipment, grading, and tree removal services shall be used for maintenance of the structures.

The historical society should seek an agreement with the Sibley House Association whereby the historical society will make payments to the Association for this purpose and will provide the Association with technical assistance in applying for federal grants.

Notwithstanding any laws to the contrary, the Sibley House Association may

	1980	1981
	\$	\$
purchase fire, wind, hail, and vandalism insurance, and insurance coverage for fine art objects from this appropriation.		
(e) Government Learning Center	55,000	55,000
(f) Center for Minnesota Folklife	90,000	90,000
(g) Minnesota Humanities Commission	25,000	25,000
(h) Minnesota International Center . . .	15,000	15,000
Any unexpended balance remaining in (b), (c), (d), (e), (f), (g), or (h) the first year does not cancel but is available for the second year of the biennium.		
Subd. 2. Minnesota Academy of Science	16,200	16,200
Subd. 3. Science Museum of Minnesota	175,000	175,000
Subd. 4. Board of the Arts	2,859,000	3,021,000

Approved Complement—13

The amounts that may be expended from this appropriation for each program are as follows:

(a) Administrative Services	355,000	355,000
(b) Subsidies and Grants	2,089,000	2,201,000

\$1,040,000 the first year and \$1,100,000 the second year is for general operating support grants to arts organizations of the state with consistent statewide or multi-regional impact.

State money granted to regional arts councils shall not be used for general administrative costs of the regional arts councils.

(c) Public Broadcasting Assistance . . .	415,000	465,000
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\$240,000 each year is for block grants to public television stations.

\$100,000 each year is for matching grants to public television stations.

\$75,000 the first year and \$125,000 the second year is for grants to public radio stations pursuant to section 21 of this act.

	1980	1981
	\$	\$
Any unencumbered balance remaining in (a), (b), or (c) the first year does not cancel but is available for the second year of the biennium.		
Subd. 5. Minnesota Safety Council	47,500	47,500
This appropriation is from the trunk highway fund and shall be disbursed by the commissioner of finance on certification of need therefor by the president of the Minnesota safety council. The commissioner of finance shall disburse upon certification 25 percent of the annual appropriation on the first day of July, October, January, and April of each fiscal year.		
Sec. 5. SOCIAL SECURITY		
Subdivision 1. Disabled American Veterans	17,500	17,500
For salaries, supplies and expenses to be expended as provided by Laws 1941, Chapter 425.		
Subd. 2. Veterans of Foreign Wars		
For carrying out the provisions of Laws 1945, Chapter 455	17,500	17,500
Sec. 6. MINNESOTA HUMANE SOCIETY	55,000	55,000
No state money shall be expended for the care, feeding, housing, or disposal of animals.		
Sec. 7. COUNTY ATTORNEYS COUNCIL	65,000	60,000
Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.		
Sec. 8. SOUTHERN MINNESOTA RIVERS BASIN BOARD	40,000	40,000
Sec. 9. VOYAGEURS NATIONAL PARK CITIZEN'S COMMITTEE	50,000	50,000
Any unexpended balance remaining in the first year does not cancel but is available for the second year of the biennium.		

Sec. 10. Minnesota Statutes 1978, Section 43.43, Subdivision 2, is amended to read:

Subd. 2. "State employee" for the purpose of determining eligibility for the basic life insurance and basic health benefits coverage hereunder means:

(1) An employee in the classified service of the state civil service paid on a state payroll;

(2) An employee in the unclassified service of the state paid on a state payroll who is not excluded from any of the provisions of sections 43.42 to 43.49;

(3) A permanent employee of the legislature or a permanent employee of a permanent study or interim committee or commission;

(4) A judge of the supreme court or an officer or employee of such court; a judge of the district court, a judge of county court, a judge of county municipal court, a judge of probate court; a district administrator; and the employees of the offices of the district administrators of the fifth and eighth judicial districts until July 1, 1979;

(5) A salaried employee of the public employees retirement association;

(6) Full time military or civilian personnel in the unclassified service of the department of military affairs whose salary is paid from state funds;

(7) A salaried employee of the Minnesota historical society, whether paid from state funds or otherwise, who is not a member of the governing board;

(8) An employee of the regents of the university of Minnesota, who is a member of the academic staff with the rank of instructor, research fellow, or above, including a lecturer, serving on not less than 75 percent regular appointment;

(9) An employee of the regents of the university of Minnesota and a member of the civil service staff under the civil service plan, adopted by the university of Minnesota, who is employed on a monthly salaried appointment;

(10) An employee of the state university board or the state board for community colleges who is a member of the academic staff, who is employed for not less than a 75 percent time basis, and who is paid on a state salary payroll; or

(11) An employee of the state university board or the state board for community colleges who is either in the classified service or the unclassified service of the state civil service whose salary is paid from the university board of the state of Minnesota revenue fund, the university activity fund, or the community college activity fund. The required premium payment of such an employee is to be paid, however, from the fund from which the employee's salary is paid.

(12) A member of the state legislature.

(13) A seasonal employee of the waters, soils and minerals division of the state department of natural resources whose duties include the sampling, weighing or grading of iron ore, taconite, or other minerals; provided that the employee shall receive the benefits provided in sections 43.42 to 43.50, at no cost to the employee for the period in each calendar year when the employee is not working at his occupation, and the premiums therefor shall be paid from the same salary fund or account as the salary of the employee.

(14) A person employed in the state service as a pre-service trainee on a full time basis.

Sec. 11. Minnesota Statutes 1978, Section 43.491, Subdivision 2, is amended to read:

Subd. 2. The following persons enumerated in this subdivision though excluded by ~~Laws 1967, Chapter 103, section 43.47~~ from coverage, are nonetheless eligible for coverages at their own expense pursuant to the provisions of subdivision 1:

(1) A part time or seasonal employee of the state serving on less than a 75 percent time basis;

(2) An employee of the board of regents of the University of Minnesota on the academic staff serving on less than a 75 percent regular appointment;

(3) A part time or seasonal employee of the board of regents of the University of Minnesota and a member of the civil service staff under the civil service plan serving on less than a 75 percent time basis;

(4) An employee in the unclassified service of the state civil service who is employed by the state university board or the state board for community colleges as a member of the academic staff serving on less than a 75 percent time basis;

(5) An officer or employee of the state agricultural society, state horticultural society, Sibley house association, Minnesota humanities commission, Minnesota international center, Minnesota academy of science, science museum of Minnesota, Minnesota safety council, or Minnesota humane society;

(6) A civilian employee of the adjutant general who is paid from federal funds and who is not eligible to benefits from any federal civilian employee group life insurance or health benefits program;

(7) An officer or employee of the state capitol credit union or the hiway credit union.

Sec. 12. Minnesota Statutes 1978, Section 84B.11, Subdivision 2, is amended to read:

Subd. 2. The committee shall conduct meetings and research into all matters related to the establishment and operation of Voyageurs National Park, and shall make such recommendations to the United States National Park Service and other federal and

state agencies concerned, regarding operation of the park as the committee deems advisable. A copy of each recommendation shall be filed with the legislative reference library. The committee may *shall not* apply for and accept funds money from public or private sources and expend the same in furtherance of its duties under this section other than the legislature, except that the committee may apply for and receive up to \$25,000 per biennium in money from private sources. Subject to the availability of legislative appropriation or other funding therefor, the committee may employ staff and may contract for consulting services relating to matters within its authority.

Sec. 13. Minnesota Statutes 1978, Section 114A.04, is amended by adding a subdivision to read:

Subd. 4. The board may employ an executive secretary in the unclassified service.

Sec. 14. Minnesota Statutes 1978, Section 138.01, is amended by adding a subdivision to read:

Subd. 4. The Minnesota historical society may use state money to buy fire, wind, hail, and vandalism insurance.

Sec. 15. [138.91] [MINNESOTA HUMANITIES COMMISSION.] *Subdivision 1. 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. 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.

Sec. 16. [138.92] [LOCAL AND REGIONAL HISTORICAL INTERPRETIVE CENTERS.] *A historical interpretive center shall be operated and maintained by the agency, society, corporation, or political subdivision that owns it. State money shall not be used for operating or maintenance expenses of any historical interpretive center not owned by the state of Minnesota or the Minnesota Historical Society.*

Sec. 17. Minnesota Statutes 1978, Section 139.10, Subdivision 2, is amended to read:

Subd. 2. In performing the duties under subdivision 1, the board shall insofar as reasonably possible:

(a) avoid any actions which infringe on the freedom of artistic expression or which interfere with programs in the state which relate to the arts but which do not involve board assistance;

(b) distribute board assistance equitably according to population throughout the geographical regions of the state;

(c) give special consideration to requests for assistance for the creation or performance of types or variations of the arts which have yet to receive the level of general support and assistance given to the more established types or variations of the arts;

~~(d) distribute annually to individuals engaged in the creation or performance of the arts at least five percent of the moneys from the state's general fund appropriated to the board for each fiscal year.~~

Sec. 18. Minnesota Statutes 1978, Section 139.17, Subdivision 2, is amended to read:

Subd. 2. "Public station" means a licensee of the federal communications commission as a noncommercial educational television broadcast station within ~~or without the state serving a significant segment of the population of this state or a station outside the state which received funds under section 139.18 in 1976.~~

Sec. 19. Minnesota Statutes 1978, Section 139.18, Subdivision 1, is amended to read:

139.18 [GRANTS.] Subdivision 1. The board of the arts shall distribute the funds provided by sections 139.16 to 139.18. Twice annually the board of the arts shall make *block grants which shall be distributed in equal amounts to public stations for the acquisition and production of materials and broadcast transmission operational costs.* The board of the arts shall allocate funds appropriated for the purposes of sections 139.16 to 139.18 in such a manner that each eligible public station receives ~~an equal amount, except that a block grant.~~ *In addition, the board of the arts shall make matching grants to public stations. Matching grants shall be used for operational costs and shall be allocated using the procedure developed for distribution of state money under this section for grants made in fiscal year 1979.* No station's matching grant in any fiscal year shall exceed the amount of Minnesota based contributions received by that station in the previous fiscal year.

Sec. 20. Minnesota Statutes 1978, Section 139.18, Subdivision 2, is amended to read:

Subd. 2. In calculating the amount of contributions received by a public station pursuant to subdivision 1, there shall be excluded: contributions, whether monetary or in kind, from the corporation for public broadcasting; tax generated funds, including payments by public or private elementary and secondary schools; that portion of any foundation or corporation donation in excess of \$250 \$500 from any one contributor in a calendar year; contributions from any source if made for the purpose of capital expenditures; and contributions from all sources based outside the state.

Sec. 21. [139.19] [GENERAL NONCOMMERCIAL RADIO STATION GRANTS.] *Subdivision 1. [PURPOSE.] The purposes of this section are to facilitate the use of the noncommercial radio station as a community resource by providing financial assistance to noncommercial radio stations serving Minnesota citizens.*

Subd. 2. [DEFINITIONS.] As used in this section, the terms defined in this subdivision have the meanings given them.

(a) *"Corporation for Public Broadcasting" means the nonprofit organization established pursuant to 47 U.S.C. 396.*

(b) *"Federal Communications Commission" means the federal agency established pursuant to 47 U.S.C. 151.*

(c) *"Noncommercial radio station" means a station holding a license or operating under program test authority from the Federal Communications Commission as a noncommercial educational radio station, licensed to a community within the state and serving a segment of the population of the state.*

(d) *"Operating income" may include:*

(1) *individual and other community contributions;*

(2) *all grants received from the Corporation for Public Broadcasting;*

(3) *grants received from foundations, corporations, or federal, state, or local agencies or other sources for the purpose of programming or general operating support;*

(4) *interest income;*

(5) *earned income;*

(6) *employee salaries paid through the federal Comprehensive Employment Training Act, or other similar public employment programs, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;*

(7) *employee salaries paid through supporting educational institutions, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;*

(8) *direct operating costs provided by supporting educational institutions; and*

(9) *no more than \$15,000 in volunteer time calculated at the federal minimum wage.*

The following are specifically excluded in determining a station's operating income:

(1) *dollar representations in in-kind assistance from any source except as stipulated in clauses (8) and (9) above;*

(2) *grants or contributions from any source for the purpose of purchasing capital improvements or equipment; and*

(3) noncommercial radio station grants received in the previous fiscal year pursuant to this section.

Subd. 3. [STATION ELIGIBILITY.] To qualify for a grant under this section, a noncommercial radio station shall:

(a) Hold a valid noncommercial educational radio station license or program test authority from the Federal Communications Commission;

(b) Have facilities adequate to provide local program production and origination;

(c) Employ a minimum of two full time professional radio staff persons or the equivalent in part-time staff and agree to employ a minimum of two full time professional radio staff persons or the equivalent in part-time staff throughout the fiscal year of the grant;

(d) Maintain a minimum daily broadcasting schedule of (1) the maximum allowed by its Federal Communications Commission license or (2) 12 hours a day during the first year of eligibility for state assistance, 15 hours a day during the second year of eligibility and 18 hours a day during the third and following years of eligibility;

(e) Broadcast 365 days a year or the maximum number of days allowed by its Federal Communications Commission license;

(f) Have a daily broadcast schedule devoted primarily to programming that serves ascertained community needs of an educational, informational or cultural nature within its primary signal area; however, a program schedule of a main channel carrier designed to further the principles of one or more particular religious philosophies or including 25 percent or more religious programming on a broadcast day does not meet this criterion, nor does a program schedule of a main channel carrier designed primarily for in school or professional in-service audiences;

(g) Originate significant, locally produced programming designed to serve its community of license;

(h) Have a total annual operating income and budget of at least \$50,000;

(i) Have either a board of directors representing the community or a community advisory board that conducts advisory board meetings that are open to the public;

(j) Have a board of directors that: (1) holds the portion of any meeting relating to the management or operation of the radio station open to the public and (2) permits any person to attend any meeting of the board without requiring a person, as a condition to attendance at the meeting, to register the person's name or to provide any other information; and

(k) Have met the criteria in clauses (a) through (j) for six months before it is eligible for state assistance under this section.

The board of the arts shall accept the judgment of a Corporation for Public Broadcasting accepted audit when it is available on a station's eligibility for assistance under the criteria of this subdivision. If the applicant station is not qualified for assistance from the Corporation for Public Broadcasting, an independent audit is required.

Subd. 4. [APPLICATION.] To be eligible for a grant under this section, a station shall submit an application to the board of the arts within the deadline prescribed by the board. It shall also submit, within the deadline prescribed by the board, its audited financial records for the fiscal year preceding the year for which the grant will be made.

Subd. 5. [GRANTS.] (a) The board of the arts shall determine eligibility for grants and the allocation of grant funds on the basis of audited financial records for the applicant station's fiscal year preceding the year in which the grant is made, as well as on the basis of the other requirements set forth in this section. The board shall annually distribute grants to all stations that comply with the eligibility requirements and apply for a grant. The board of the arts may promulgate rules to implement this section. For this purpose the board of the arts may promulgate temporary rules pursuant to Minnesota Statutes, Section 15.0412, Subdivision 5. An applicant's share of the grant money shall be based on:

(1) The amount received in the preceding year by the station in private non-tax generated contributions from sources within the state; no contributions made for the purpose of capital expenditures shall be counted; and

(2) The dollar value in the preceding year of contributions of volunteer time to station operations, provided that the volunteer time was not used for the purpose of raising money for the station. Volunteer time shall be valued at the federal minimum wage per hour. A station's total allocation for volunteer time shall not exceed 20 percent of its total grant pursuant to this section.

(b) The board of the arts shall match every verified contribution dollar under paragraph (a), clause (1) and volunteer time dollar, as calculated under paragraph (a), clause (2), with two state dollars for each eligible applicant until the applicant station has received \$10,000 in grant money under this section, and thereafter grant money shall be distributed on a dollar for dollar basis until the total amount appropriated for that year has been distributed equally among all applicants. A station may receive state matching money only until the station's total verified contribution and volunteer time has been matched or the amount of the grant received equals one-third of the station's total operating income for the previous fiscal year.

(c) A station may use grant money under this section for any radio station expenses.

Subd. 6. [AUDIT.] A station that receives a grant under this section shall have an audit of its financial records made by an independent auditor or Corporation for Public Broadcasting ac-

cepted audit at the end of the fiscal year for which it received the grant. The audit shall include a review of station promotion, operation, and management and an analysis of the station's use of the grant money. A copy of the audit shall be filed with the board of the arts.

Sec. 22. Minnesota Statutes 1978, Section 388.19, is amended to read:

388.19 [COUNTY ATTORNEYS COUNCIL.] Subdivision 1. [CREATION.] There is hereby created a county attorneys council hereinafter designated as the "council" to be composed of the county attorney from each of the 87 counties and the attorney general of the state of Minnesota. The members shall meet annually in November each year and, commencing at the annual meeting in November 1973, shall elect a president, a president-elect, a secretary, and a treasurer, and such other officers and directors as the county attorneys council shall determine. Each of these officers shall hold office for a term of one year and until their successors are elected and qualified. The county attorneys council may adopt such rules as are necessary for the carrying out of its duties. A county attorney may designate in writing an assistant who may act in his stead in carrying out any function of the county attorneys council except serving as an officer. The county attorneys council may acquire and hold property, accept gifts and expend any such sums so received. *The county attorneys council may charge fees for seminars, workshops and publications it conducts and produces.*"

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for maintenance of various semi-state activities and for other purposes with certain conditions; authorizing basic life insurance and health benefits coverage for employees of semi-state agencies; amending Minnesota Statutes 1978, Sections 43.43, Subdivision 2; 43.491, Subdivision 2; 84B11, Subdivision 2; 114A.04, by adding a subdivision; 138.01, by adding a subdivision; 139.10, Subdivision 2; 139.17, Subdivision 2; 139.18, Subdivisions 1 and 2; and 388.19."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Roger D. Moe, Jack I. Kleinbaum, Marion Menning, George S. Pillsbury, Robert O. Ashbach

House Conferees: (Signed) William D. Dean, Gary W. Laidig, Tony E. Stadum, Michael R. Sieben, C. Thomas Osthoff, Shirley A. Hokanson

Mr. Moe moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1504 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 1504 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 53 and nays 0, as follows:

Anderson	Gearly	Knutson	Perpich	Solon
Bang	Gunderson	Laufenburger	Peterson	Spear
Benedict	Hanson	Lessard	Pillsbury	Staples
Bernhagen	Hughes	Luther	Purfeerst	Tennessee
Chenoweth	Humphrey	Menning	Renneke	Ueland, A.
Chmielewski	Jensen	Merriam	Rued	Ulland, J.
Coleman	Johnson	Moe	Schaaf	Vega
Davies	Kirchner	Nelson	Schmitz	Wegener
Dieterich	Kleinbaum	Nichols	Setzepfandt	Willet
Dunn	Knaak	Olhoft	Sikorski	
Engler	Knoll	Penny	Sillers	

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

SPECIAL ORDER

H. F. No. 633: A bill for an act relating to taxation; extending the termination date for a law denying tax deductions relating to substandard housing; amending Laws 1975, Chapter 226, Section 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Luther	Rued	Stumpf
Ashbach	Hanson	Menning	Schaaf	Tennessee
Benedict	Hughes	Merriam	Schmitz	Ueland, A.
Bernhagen	Jensen	Moe	Setzepfandt	Ulland, J.
Chmielewski	Johnson	Nichols	Sieloff	Vega
Davies	Keefe, S.	Olhoft	Sikorski	Wegener
Dieterich	Kirchner	Penny	Sillers	Willet
Dunn	Knaak	Peterson	Solon	
Engler	Knutson	Pillsbury	Spear	
Gearly	Lessard	Renneke	Staples	

So the bill passed and its title was agreed to.

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

Without objection, the Senate reverted to the Order of Business of Reports of Committees and Messages From the House.

APPOINTMENTS

Mr. Coleman from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H. F. No. 588: Messrs. Anderson, Kirchner and Knoll.

S. F. No. 974: Messrs. Ulland, J.; Sikorski and Solon.

Mr. Coleman moved that the foregoing appointments be approved. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 223 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 223 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 223

A bill for an act relating to education; providing for aids to education, aids to libraries, tax levies and the distribution of tax revenues; granting certain powers and duties to teachers, school bus drivers, school boards, school districts, educational cooperative service units, the Minnesota educational computing consortium, courts, the commissioner of education, the commissioner of health, the department of education, the state board of education and the state board for vocational education and other state agencies; creating a legislative school finance study commission; changing the method of computing foundation aid and levy limitations; providing aid for sparsely populated school districts, basic skills programs, new jobs programs and programs for gifted and talented students; changing procedures for decisions concerning the education of handicapped children; increasing tuition at area vocational-technical institutes; appropriating money; amending Minnesota Statutes 1978, Sections 3.9271, Subdivision 1, and by adding a subdivision; 3.9272; 16.93; 120.075; 120.17, Subdivisions 3b and 7a; 121.912, by adding a subdivision; 121.92, Subdivision 2; 123.34, Subdivision 8; 123.35, by adding a subdivision; 123.58, Subdivision 6, and by adding a subdivision; 123.702, Subdivision 1, and by adding a subdivision; 123.703, Subdivisions 1 and 3; 123.705; 123.741, Subdivision 1; 123.937; 124.01; 124.11, Subdivision 4; 124.17, Subdivision 1; 124.212, Subdivisions 1, 6c, 7c, 11, 20, and by adding subdivisions; 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; 124.223; 124.245, Subdivisions 1 and 2; 124.26, Subdivision 3; 124.271, Subdivisions 2, 5, and by adding a subdivision; 124.32, Subdivisions 1, 1a, 5, 7, and 10; 124.561, Subdivision 3a; 124.562, Subdivisions

1 and 2; 124.563, Subdivision 1; 124.565, Subdivisions 3, 4, and by adding a subdivision; 124.572, Subdivision 2; 124.574, Subdivision 2; 124.646, Subdivision 1; 125.60, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 125.61, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 126.39, Subdivision 10; 126.40, Subdivision 3; 126.41, Subdivision 1; 126.52, Subdivision 10; 126.53, Subdivision 3; 126.54, Subdivision 1; 128A.02, Subdivision 6; 134.30, by adding a subdivision; 134.32, Subdivision 5; 134.33, Subdivision 1; 134.34, Subdivisions 1 and 2; 134.35, Subdivisions 1 and 2; 169.44, Subdivisions 1, 2, and by adding subdivisions; 275.125, Subdivisions 1, 2a, 2b, 8, 11a, and by adding subdivisions; 354.094, Subdivisions 3 and 6; 354.66, Subdivisions 1, 2, 3, 8, and by adding subdivisions; 354A.091, Subdivisions 1, 3, 6, and by adding a subdivision; 354A.22, Subdivisions 1, 2, 3, 8, and by adding subdivisions; 471.61, Subdivision 1b; and Chapters 124, by adding sections; and 134, by adding sections; repealing Minnesota Statutes 1978, Sections 120.171; 124.212, Subdivisions 6b and 7b; 124.241; 126.16; 126.18; 134.33, Subdivision 2; 169.44, Subdivisions 5 and 7; and 275.125, Subdivisions 6 and 7.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 223, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 223 be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE I

FOUNDATION AID

Section 1. Minnesota Statutes 1978, Section 120.80, Subdivision 1, is amended to read:

120.80 [EARLY GRADUATION.] Subdivision 1. Notwithstanding any law to the contrary, any secondary school student who has completed all required courses may, with the approval of the student, his parent or guardian, and local school officials, graduate prior to the completion of the school year. All aid which such student, had he not graduated, would have earned for the district pursuant to section 124.212, plus that portion of the amount raised by the local tax levy which results from such transitional year students ~~plus that portion of any excess levy allowable under section 275.125, subdivision 6,~~ shall continue to be earned by the district.

Sec. 2. Minnesota Statutes 1978, Section 124.01, is amended to read:

124.01 [DEFINITIONS.] *Subdivision 1.* For purposes of this chapter, the words defined in section 120.02 have the same meanings and the terms defined in this section have the meanings attributed to them in this section.

Subd. 2. "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit specified for use in the computation of foundation aid for a particular school year pursuant to section 124.212 and in the computation of permissible levies for use in that school year. For foundation aid for the 1979-1980 school year, the formula allowance shall be \$1,182. For 1979 payable 1980 levies and for foundation aid for the 1980-1981 school year, the formula allowance shall be \$1,265. For 1980 payable 1981 levies and for foundation aid for the 1981-1982 school year, the formula allowance shall be \$1,354.

Subd. 3. "Basic maintenance mill rate" means the maximum permissible mill rate applicable to the adjusted assessed valuation of a district, specified for use in the computation of foundation aid for a particular school year pursuant to section 124.212 and of permissible levies for use in that school year pursuant to section 275.125, subdivision 2a, clause (1) or (2). For 1979 payable 1980 levies and for foundation aid for the 1980-1981 school year, the basic maintenance mill rate shall be .023. For 1980 payable 1981 levies and for foundation aid for the 1981-1982 school year, the basic maintenance mill rate shall be .021.

Subd. 4. "Equalizing factor" means the ratio of the formula allowance for a particular school year to the basic maintenance mill rate for that school year. For 1979 payable 1980 levies and for foundation aid for the 1980-1981 school year, the equalizing factor shall be \$55,000. For 1980 payable 1981 levies and for foundation aid for the 1981-1982 school year, the equalizing factor shall be \$64,476.

Sec. 3. Minnesota Statutes 1978, Section 124.11, Subdivision 4, is amended to read:

Subd. 4. Estimated elementary and secondary foundation aids shall be paid out on the basis of the latest available information. Except as provided in section 124.212, estimated elementary and secondary foundation aids shall be computed on the basis of all pupil units identified in section 124.17, subdivision 1. An October enrollment count shall be obtained from all school districts. Adjustment for final elementary and secondary pupil unit figures shall be made in the final foundation aid distribution in October of the following school year.

Sec. 4. Minnesota Statutes 1978, Section 124.11, Subdivision 5, is amended to read:

Subd. 5. Each year, beginning in 1978, based on current year tax data reported in the abstracts of tax lists, the commissioner of

revenue shall determine the distribution to each school district of the amount of revenue lost as a result of the reduction in property taxes provided in section 273.132. On or before July 15, 1978, and On or before July 15 of each year thereafter, the commissioner of revenue shall certify the amounts so determined to the department of education. Beginning in 1978, The department of education shall pay each school district one-half of its distribution in August and the remaining one-half in the following November, as part of the foundation aid payment to each district in these months accordance with the payment dates in subdivision 1.

Sec. 5. Minnesota Statutes 1978, Section 124.17, Subdivision 1, is amended to read:

124.17 [DEFINITION OF PUPIL UNITS.] Subdivision 1. Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) In an elementary school:

(a) For each handicapped pre-kindergarten pupils pupil and each handicapped kindergarten pupil, as defined in section 120.03, enrolled in programs a program approved by the commissioner, one-half pupil unit a number of pupil units equal to the ratio of the number of hours of education services required in the school year by the pupil's individual education program plan, developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;

(b) For kindergarten pupils, other than those in clause (a), enrolled in one-half day sessions throughout the school year or the equivalent thereof, one-half pupil unit; and

(c) For other elementary pupils, one pupil unit.

(2) In secondary schools, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

(4) To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to families with dependent children or its successor program who is enrolled in the school district on October 1 shall be counted as an additional five-tenths pupil unit. By March 1 of each year the department of public welfare shall certify to the department of education, and to each school district to the extent the information pertains to it, that information concerning children from families with dependent children who were enrolled in the school district on the preceding October 1 which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly certifies that the information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.

(5) In every district where the number of pupils from families

receiving aid to families with dependent children or its successor program exceeds five percent of the total actual pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for purposes of this clause, provided that in districts where the percent of concentration is less than six, no additional pupil units shall be counted under this clause for pupils from families receiving aid to dependent children or its successor program and provided further that no such pupil shall be counted as more than one and one-tenth additional pupil units pursuant to clauses (4) and (5). Such weighting shall be in addition to the weighting provided in clauses (1), (2), (3), and (4). School districts are encouraged to allocate a major portion of the aids that they receive on account of clauses (4) and (5) to primary grade programs and services, particularly to programs and services that involve participation of parents. Each district receiving aids on account of both clauses (4) and (5) shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all such aids received.

(6) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy limitations and where the actual number of pupil units has decreased from the prior year, the number of pupil units shall equal the greater of (a) the quotient obtained when the sum of the numbers of actual pupil units in the district for the ~~two~~ *three* prior years and the current year and one quarter of the number of actual pupil units in the district for the ~~third~~ *third* prior year, is divided by ~~3.25~~ *four* or (b) the number of actual pupil units for the current year increased by .6 times the difference between the actual pupil units for the prior year and the current year. Only pupil units as computed in clauses (1) and (2) shall be included for purposes of computations made pursuant to this clause. *This clause shall expire June 30, 1980.*

(7) In districts maintaining classified secondary schools where the actual number of pupil units has increased from the prior year by ~~two~~ *two* percent or more, the additional pupil units over the prior year, as computed in clauses (1) and (2), shall be multiplied times one-tenth for each percent of increase over the prior year and a number of pupil units equal to the product shall be added to the other units for the district. The percent of increase shall be rounded up to the next whole percent for purposes of this clause; provided that in districts where the percent of increase is less than ~~two~~ *two*; no additional pupil units shall be added to the other units for the district and ; provided further that the number of pupil units of increase over the prior year shall under no circumstances be multiplied by more than five-tenths. *This clause shall expire June 30, 1980.*

(8) Only pupil units in clauses (1) and (2) shall be used in computing adjusted maintenance cost per pupil unit.

Sec. 6. Minnesota Statutes 1978, Section 124.19, is amended by adding a subdivision to read:

Subd. 3. In an elementary school where the number of instructional hours in the school day is greater than the number of instructional hours prescribed in the rules of the state board for the school day, the excess number of instructional hours for those days may be included in calculating the required number of days school is in session for purposes of fulfilling the requirements of subdivision 1, provided that the school is in session for not less than 160 days during the school year, and provided that no instructional hours are included from half-day sessions or any school day which has less instructional hours than the number of instructional hours prescribed in the rules of the state board.

Sec. 7. Minnesota Statutes 1978, Section 124.212, Subdivision 1, is amended to read:

124.212 [FOUNDATION AID.] Subdivision 1. The foundation aid program for school districts for school years ~~1977-1978~~ ~~1979-1980~~ and ~~1978-1979~~ ~~1980-1981~~ shall be governed by the terms and provisions of this section.

Sec. 8. Minnesota Statutes 1978, Section 124.212, Subdivision 6c, is amended to read:

Subd. 6c. For the 1979-1980 school year a district shall receive in foundation aid ~~\$1,155~~ **\$1,182** per pupil unit less 27 mills times the 1977 adjusted assessed valuation of the district, plus the amount of the agricultural tax credit by which 1978 payable 1979 property taxes in the district are reduced pursuant to section 273.132.

Sec. 9. Minnesota Statutes 1978, Section 124.212, Subdivision 7c, is amended to read:

Subd. 7c. For the 1980-1981 school year a district shall receive in foundation aid: ~~\$1,220~~

(1) \$1,265 per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less 27 23 mills times the 1978 adjusted assessed valuation of the district; plus

(2) the amount of the agricultural tax credit by which 1979 payable 1980 property taxes in the district are reduced pursuant to section 273.132.; plus

(3) an amount equal to the product obtained by multiplying the ratio of the district's actual levy to its permitted levy in 1979 payable 1980 pursuant to section 18 of this article, times the difference between

(a) the product obtained by multiplying the amount per pupil unit which the district was permitted to levy in 1978 pursuant to Minnesota Statutes 1978, Section 275.125, Subdivisions 6 and 7, times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (6) and (7), in the district in 1979-1980, and

(b) the product obtained by multiplying the amount derived in (a) times the lesser of

(i) one or

(ii) the ratio of the district's 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980, to the state average 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the state in 1979-1980; plus

(4) an amount equal to the product obtained by multiplying the ratio of the district's actual levy to its permitted levy in 1979 payable 1980 pursuant to section 19 of this article, times the difference between

(a) the sum of the additional amounts the district would receive if pupil units identified in section 124.17, subdivision 1, clauses (6) and (7) were used in addition to the pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the computation in clause (1) of this subdivision and if section 12 of this article were effective in the 1980-1981 school year, and

(b) the product obtained by multiplying

(i) the ratio of the quotient obtained by dividing the amount derived in part (a) of this clause by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1980-1981, to \$55,000, times

(ii) the district's 1978 adjusted assessed valuation; plus

(5) an amount equal to the difference between

(a) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1979 payable 1980 pursuant to section 20 of this article, times \$55,000, times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980, and

(b) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1979 payable 1980 pursuant to section 20 of this article, times the district's 1978 adjusted assessed valuation.

(6) No district where the assessed valuation of agricultural land identified in section 273.13, subdivisions 4, 6 and 6a, comprises 60 percent or more of the assessed valuation of the district shall receive an amount of foundation aid pursuant to clause (1) which is less than the following difference:

(a) \$600 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less

(b) the sum of

(i) the amount of the agricultural tax credit by which 1979

payable 1980 property taxes in the district are reduced pursuant to section 273.132, plus

(ii) the amount by which 1979 payable 1980 property taxes in the district are reduced pursuant to section 273.13, subdivisions 6, 7 and 14a, plus

(iii) the amount by which 1979 payable 1980 property taxes in the district are reduced pursuant to section 273.135, plus

(iv) the amount by which 1979 payable 1980 taxes in the district are reduced pursuant to section 273.138, subdivision 6.

Sec. 10. Minnesota Statutes 1978, Section 124.212, is amended by adding a subdivision to read:

Subd. 7d. For the 1981-1982 school year a district shall receive in foundation aid:

(1) \$1,354 per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less 21 mills times the 1979 adjusted assessed valuation of the district; plus

(2) the amount of the agricultural tax credit by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.132; plus

(3) an amount equal to the product obtained by multiplying the ratio of the district's actual levy to its permitted levy in 1980 payable 1981 pursuant to section 18 of this article, times the difference between

(a) the greater of

(i) the amount derived in subdivision 7c, clause (3), part (a), or

(ii) the product obtained by multiplying the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), in the district in 1980-1981, times the quotient obtained by dividing the amount derived in subdivision 7c, clause (3), part (a), by the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2) in the district in 1979-1980, and

(b) the product obtained by multiplying the amount derived in part (a) of this clause times the lesser of

(i) one or

(ii) the ratio of the district's 1979 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in 1980-1981, to the state average 1979 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the state in 1980-1981; plus

(4) an amount equal to the ratio of the district's actual levy to its permitted levy in 1980 payable 1981 pursuant to section 19 of this article, times the difference between

(a) the product obtained by multiplying

(i) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in 1981-1982 times

(ii) 107 percent of the quotient obtained by dividing the amount derived in subdivision 7c, clause (4), part (a), by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in 1980-1981, and

(b) the product obtained by multiplying the ratio of the amount derived in part (a) (ii) of this clause to \$64,476, times the district's 1979 adjusted assessed valuation; plus

(5) an amount equal to the difference between

(a) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1980 payable 1981 pursuant to section 20 of this article, times \$64,476, times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1980-1981; and

(b) the product obtained by multiplying the mill rate levied by the district on its adjusted assessed valuation in 1980 payable 1981 pursuant to section 20 of this article, times the district's 1979 adjusted assessed valuation.

(6) No district where the assessed valuation of agricultural land identified in section 273.13, subdivisions 4, 6 and 6a, comprises 60 percent or more of the assessed valuation of the district shall receive an amount of foundation aid pursuant to clause (1) which is less than the following difference:

(a) \$600 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), less

(b) the sum of

(i) the amount of the agricultural tax credit by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.132, plus

(ii) the amount by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.13, subdivisions 6, 7 and 14a, plus

(iii) the amount by which 1980 payable 1981 property taxes in the district are reduced pursuant to section 273.135, plus

(iv) the amount by which 1980 payable 1981 taxes in the district are reduced pursuant to section 273.138, subdivision 6.

Sec. 11. Minnesota Statutes 1978, Section 124.212, Subdivision 11, is amended to read:

Subd. 11. (a) In the calculation of adjusted assessed valuations for 1979 and each year thereafter, the committee shall not increase the adjusted assessed valuation, exclusive of property valuation added, improved, reclassified, or reassessed since the prior assessment, of taxable property for any subsequent year in any school

district over the adjusted assessed valuation established and filed with the commissioner of education for the immediately preceding year by more than eight percent ~~over~~ the greater of (1) 19 percent of the certified adjusted assessed valuation established and filed with the commissioner of education for the year immediately preceding, or (2) 40 percent of the difference between the district's total adjusted assessed valuation for the current year calculated without the application of this subdivision and the district's certified adjusted assessed valuation established and filed with the commissioner of education for the immediately preceding year.

(b) The sales ratio studies published by the department of revenue, or any part thereof, or any copy of the same, or records accumulated in preparation thereof, which are prepared by the commissioner of revenue for the equalization aid review committee for use in determining school aids pursuant to this section shall not be admissible in evidence in any proceeding, except that the sales ratio studies shall be admissible as a public record without the laying of a foundation in (1) actions under chapter 278 in the case of property described in section 273.13, subdivisions 6, 6a, 7, 7b, 10 or 12; (2) actions brought in the small claims division of the tax court; or (3) in actions for review of the determination of the school aids payable under this section.

Sec. 12. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.224] [SPARSITY AID.] *Subdivision 1. The sparsity aid program for the 1979-1980 school year shall be governed by the provisions of this section.*

Subd. 2. [DEFINITIONS.] As used in this section, the terms defined in this subdivision have the meanings given them.

(a) "High school" means a secondary school, as defined in Minnesota Statutes, Section 120.05, Subdivision 2, Clause (3), which enrolls pupils in each of grades ten, eleven and twelve. If a district is paired with another district according to the provisions of Minnesota Statutes, Section 122.85, and if there is no secondary school in the district which enrolls pupils in each of grades ten, eleven and twelve, then the commissioner of education shall designate one school in the district as a high school for the purposes of this section.

(b) (i) In a school district with only one high school, "secondary average daily membership" means the average daily membership of resident pupils in grades seven through twelve, as defined in section 124.17, subdivision 2;

(ii) In a school district with more than one high school, "secondary average daily membership" for a particular high school means the product of the number of resident pupils enrolled in grades seven through twelve in average daily membership in that high school, as defined in section 124.17, subdivision 2, times the ratio of six to the number of grades in that high school.

(c) "Attendance area" means the quotient of the total surface

area of a district divided by the number of high schools in the district.

(d) "Isolation index" means the sum of

(i) the distance measured by the usual traveled routes between a particular high school in a district and the nearest other high school, plus

(ii) the square root of one-half the attendance area.

(e) "Qualifying high school" means a high school with an isolation index of greater than 18 and with secondary average daily membership of less than 500 in the year for which the aid is to be paid.

Subd. 3. [QUALIFICATION.] To qualify for aid under subdivision 4, a district must have at least one qualifying high school in the year for which the aid is to be paid.

Subd. 4. [COMPUTATION.] A district which qualifies for aid under subdivision 3 shall receive an amount of aid equal to the sum of the amounts determined by computing the following product for each qualifying high school in the district:

(a) the foundation aid formula allowance for the school year, multiplied by

(b) the secondary average daily membership, multiplied by

(c) the quotient obtained by dividing (1) the remainder of 500 minus the secondary average daily membership by (2) the sum of 500 plus the secondary average daily membership, multiplied by

(d) the quotient obtained by dividing (1) the remainder of the isolation index minus 18 by (2) the isolation index.

Subd. 5. [ISOLATED ELEMENTARY SCHOOLS.] Any school district operating an elementary school, as defined in Minnesota Statutes, Section 120.05, Subdivision 2, which enrolls fewer than 20 pupils, and which is at least 50 miles by the usual traveled routes from the nearest other Minnesota elementary school, shall receive an amount equal to the foundation aid formula allowance times the number of pupils enrolled in that school in addition to all other aids the district is entitled to pursuant to chapter 124.

Subd. 6. [PAYMENT SCHEDULE.] Except as may otherwise be authorized by the commissioner of education to accommodate a flexible school year program, the state shall pay to a school district 45 percent of its estimated aid for the fiscal year under this section on or before each of the following dates: August 31 and January 31. The final aid distribution shall be made on or before October 31 of the following fiscal year.

Subd. 7. [DEPARTMENT OF EDUCATION.] All sparsity aid shall be computed and distributed by the state aids section of the department of education.

Subd. 8. This section shall expire June 30, 1980.

Sec. 13. Minnesota Statutes 1978, Section 124.245, Subdivision 2, is amended to read:

Subd. 2. As used in this section, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7). *Beginning in the 1980-1981 school year, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5).*

Sec. 14. Minnesota Statutes 1978, Section 275.125, Subdivision 1, is amended to read:

275.125 [TAX LEVY, SCHOOL DISTRICTS.] Subdivision 1. Except as may otherwise be provided in this section, the words and phrases defined in ~~section sections~~ *sections 124.212 and 124.01* when used in this section shall have the meanings ascribed to them in ~~section 124.212~~ *those sections.*

Sec. 15. Minnesota Statutes 1978, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In ~~1977~~ *1979*, a school district may levy for all general and special school purposes, an amount equal to the amount raised by ~~28 23~~ *times the 1976 1978* adjusted assessed valuation of the district.

(2) In ~~1978~~ *1980*, a school district may levy for all general and special school purposes, an amount equal to the amount raised by ~~27 21~~ *times the 1977 1979* adjusted assessed valuation of the district.

(3) For any district levying less than 95 percent of the maximum levy allowable in clauses (1) and (2), beginning with the levy certified in 1978, payable in 1979, the foundation aid to the district for the 1979-1980 school year, and for subsequent levies, foundation aid for subsequent school years, calculated pursuant to section 124.-212, shall be reduced to an amount equal to the ratio between the actual levy and the maximum levy allowable under clauses (1) and (2) times the foundation aid to which the district is otherwise entitled for that year. For purposes of computations pursuant to this clause, the maximum levy allowable and the actual levy under clauses (1) and (2) shall be increased by any reduction of this levy which is required by section 275.125, subdivision 9 or any other law.

(4) (a) The levy authorized by clauses (1) or (2) may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. Such a 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 shall be held on a date set by the school board. Only one such election may be held to approve a levy increase which will commence in a specific school year. The question on the ballot shall state the maximum amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The question may designate a specific number of years

for which the referendum authorization shall apply. If approved, the amount provided by the approved millage applied to each year's taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked by the voters of the district at a subsequent referendum.

(b) A referendum on the question of revoking the increased levy amount authorized pursuant to clause (a) of this clause 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. The amount approved by the voters of the district pursuant to clause (a) of this clause must be levied at least once before it is subject to a referendum on its revocation for subsequent years. Only one such revocation election may be held to revoke a levy for any specific year and for years thereafter.

(c) A petition authorized by clauses (a) or (b) of this clause shall be effective if signed by a number of qualified voters in excess of 15 percent, or 10 percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(d) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(e) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 16. Minnesota Statutes 1978, Section 275.125, Subdivision 2b, is amended to read:

Subd. 2b. (1) Beginning in ~~1978~~ 1979, in any year when the amount of the maximum levy allowed for any district by subdivision 2a, clause (1) or (2), *for any district with 950 or more pupil units under section 124.17, subdivision 1, clauses (1) and (2)*, exceeds the product of the district's foundation aid formula allowance under section 124.212 for the corresponding school year times the number of pupil units computed for that district under section 124.17, *subdivision 1, clauses (1), (2), (4) and (5)*, for that school year, the levy permitted that district by subdivision 2a, clause (1) or (2) shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under subdivision 2a, clause (1) or 107 percent of the sum of the following, but not to exceed the amount raised by the number of mills permitted under subdivision 2a, clause (1) or (2):

(a) the product of the district's foundation aid formula allowance under section 124.212 for the school year in which the levy is certified times the number of pupil units computed for that district under ~~sections~~ *section 124.17, subdivision 1, clauses (1), (2), (4) and (5)*, for the school year in which the levy is certified; plus

(b) the district's estimated aid entitlement pursuant to section 124.20 for the summer school which begins in the school year in which the levy is certified; plus

(c) that district's entitlement, for the year in which the levy is certified, for transportation aid pursuant to *article II, section ~~124.222~~ 8 of this act*, special education aid pursuant to section 124.32, secondary vocational aid pursuant to section 124.573 and secondary vocational aid for handicapped children pursuant to section 124.574.

(2) If a district levies the full 107 percent of its entitlement under clause (1) for a school year and that amount is less than the amount to which the district would actually have been entitled under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act*, for the year to which the levy is attributable, the district may adjust its levies in the succeeding years to make up this difference. The amount by which the district is allowed to adjust its levies *adjusts any levy in the succeeding years pursuant to this clause section shall be recorded as a receivable in the school year to which the aids are attributable recognized as revenue in the school year when the levy which is so adjusted is recognized as revenue.*

(3) If a district levies pursuant to clause (1) for a school year and the amount levied is greater than the amount to which the district would actually have been entitled under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act*, for the year to which the levy is attributable, the district shall reduce its levies in the succeeding years by the amount of this difference.

(4) However, if the amount of the difference in clause (2), when calculated as an addition to the original levy for that year, would have exceeded the amount raised by the millage limitation in subdivision 2a, clause (1) or (2) for that year, the state shall pay the amount to which the district is entitled under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act*, for that school year, which exceeds the amount raised by that millage limitation.

(5) If the district is unable to levy the full 107 percent of its entitlement for a school year because of the millage limitation in subdivision 2a, clause (1) or (2), the state shall pay the amount under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 or, 124.574 or *article II, section 8 of this act* to which the district is entitled for that school year which exceeds the amount raised by that millage limitation.

(6) Prior to the certification of levies, the commissioner of education shall notify an applicable district that it is subject to the levy limitation of this subdivision and of its estimated entitlements pursuant to sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act*. The commissioner shall decide that a district is subject to this levy limitation if it appears reasonably certain that the maximum levy allowed

that district pursuant to subdivision 2a, clause (1) or (2) will exceed the district's foundation aid formula allowance times the number of pupil units computed for that district under section 124.17, *subdivision 1, clauses (1), (2), (4) and (5)*, for that corresponding year. If, upon the order of the commissioner, the district levies pursuant to this subdivision but the maximum levy allowed that district pursuant to subdivision 2a, clause (1) or (2) would not actually have exceeded the district's foundation aid formula allowance times the number of pupil units computed for that district under section 124.17, *subdivision 1, clauses (1), (2), (4) and (5)*, for that corresponding year, the district shall reduce its levy for the next year by the amount by which the levy certified pursuant to this subdivision exceeded the amount the district could have levied under subdivision 2a, clause (1) or (2). Also in that case, the district shall receive all aids from the state pursuant to sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act* to which it would otherwise have been entitled if its permitted levy had not been computed pursuant to this subdivision.

(7) Any district which is required to compute its permitted levy under this subdivision shall not be eligible to receive aid under sections 124.20, 124.212, ~~124.222~~, 124.32, 124.573 and, 124.574 and *article II, section 8 of this act* for the corresponding year except as authorized by this subdivision.

(8) Nothing within the provisions of this subdivision shall be construed to affect any other levy under this section, including levies made pursuant to subdivision 2a, clause (4), to which a district is otherwise entitled.

(9) A levy made by a district pursuant to the provisions of this subdivision shall be construed to be the levy made by that district pursuant to subdivision 2a, clause (1) and (2), for purposes of statutory cross-reference.

(10) *The provisions of clauses (2) to (9) shall govern 1979-1980 aids, the adjustment of levies, and statutory cross-references to the 1978 levy, for any district which levied pursuant to clause (1) in 1978 and which is not required to levy pursuant to clause (1) in 1979 or subsequent years.*

Sec. 17. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd 2c. (1) Beginning in 1979, in any year when the amount of the maximum levy limitation under subdivision 2a, clause (1) or (2), for any district with fewer than 950 pupil units under section 124.17, subdivision 1, clauses (1) and (2), exceeds the product of the district's foundation aid formula allowance for the year in which the levy is recognized as revenue times the estimated number of pupil units for that district identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), for that school year, the levy limitation for that district under subdivision 2a, clause (1) or (2), shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under

Minnesota Statutes 1978, Section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 2a, clause (1) or (2):

(a) the product of the district's foundation aid formula allowance under section 124.212 for the school year in which the levy is recognized as revenue, times the estimated number of pupil units for that district identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), for that school year, less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124.212, subdivision 5a in the school year in which the levy is recognized as revenue.

(2) A levy made by a district pursuant to this subdivision shall be construed to be the levy made by that district pursuant to subdivision 2a, clause (1) or (2), for purposes of statutory cross-reference.

Sec. 18. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 6b. (1) In 1979 any district which qualified in 1978 for an excess levy under Minnesota Statutes 1978, Section 275.125, Subdivisions 6 or 7, may levy an amount equal to the product obtained by multiplying

(a) the lesser of

(i) one or

(ii) the ratio of the district's 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980, to the state average 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the state in 1979-1980, times

(b) the product obtained by multiplying

(i) the amount per pupil unit which the district was permitted to levy in 1978 under Minnesota Statutes 1978, Section 275.125, Subdivisions 6 and 7, times

(ii) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (6), and (7), in the district in 1979-1980.

(2) In 1980 and each year thereafter, any district which qualified in 1979 for an excess levy under clause (1), shall be allowed to levy an amount equal to the product obtained by multiplying

(a) the lesser of

(i) one or

(ii) the ratio of the district's adjusted assessed valuation in the preceding year per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the school year

when the levy is certified, to the state average adjusted assessed valuation in the preceding year per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4), and (5), in the school year when the levy is certified, times

(b) the greater of

(i) the amount derived in clause (1), part (b), or

(ii) the product obtained by multiplying the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2) in the district in the school year when the levy is certified, times the quotient obtained by dividing the amount derived in clause (1), part (b), by the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), in the district in 1979-1980.

Sec. 19. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 6c. (1) In 1979 any district may levy an amount equal to the lesser of

(a) the product obtained by multiplying

(i) the ratio of

(A) the quotient obtained by dividing the sum of the additional amounts of aid the district would receive if pupil units identified in section 124.17, subdivision 1, clauses (6) and (7) were used in addition to the pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the computation pursuant to section 124.212, subdivision 7c, clause (1), and if section 12 of this article were effective in the 1980-1981 school year, by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1980-1981, to

(B) \$55,000, times

(ii) the district's 1978 adjusted assessed valuation, or

(b) the additional amounts of aid the district would receive if pupil units identified in section 124.17, subdivision 1, clauses (6) and (7) were used in addition to the pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the computation pursuant to section 124.212, subdivision 7c, clause (1), and if section 12 of this article were effective in the 1980-1981 school year.

(2) In 1980 and each year thereafter, any district which qualified for a levy under clause (1) may levy an amount equal to the lesser of

(a) the product obtained by multiplying

(i) the ratio of the foundation aid formula allowance for the school year to which the levy is attributable pursuant to section 121.904, subdivision 4, to \$1,265, times

(ii) the ratio of the amount derived in clause (1), part (a) (i) (A), to the equalizing factor for the school year to which the levy is attributable, times

(iii) the district's adjusted assessed valuation for the preceding year, or

(b) the product obtained by multiplying

(i) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in the school year to which the levy is attributable pursuant to section 121.904, subdivision 4, times

(ii) the ratio of the foundation aid formula allowance for the year to which the levy is attributable pursuant to section 121.904, subdivision 4, to \$1,265, times

(iii) the amount derived in clause (1), part (a) (i) (A).

Sec. 20. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 7a. (1) In 1979 each district which levies the maximum permissible amount pursuant to subdivision 2a, clauses (1), (2), and (4), section 18 of this article, and section 19 of this article, may levy an additional amount which shall not exceed the lesser of (a) an amount equal to one-half mill times the district's 1978 adjusted assessed valuation or (b) the product obtained by multiplying \$27.50 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980.

(2) In 1980 and each year thereafter, each district which levies the maximum permissible amount pursuant to subdivision 2a, clauses (1), (2) and (4), section 18 of this article, and section 19 of this article, may levy an additional amount which shall not exceed the lesser of (a) an amount equal to one mill times the district's adjusted assessed valuation for the preceding year or (b) the product obtained by multiplying (i) the ratio of the equalizing factor to 1,000, times (ii) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the school year when the levy is certified.

(3) By August 1 before a district certifies any levy pursuant to this subdivision in 1979, or by the July 1 before a district certifies any levy pursuant to this subdivision in 1980, in any even-numbered year thereafter, or in any odd-numbered year thereafter when the district has not certified a levy pursuant to this subdivision in the preceding year, the board of the district shall hold a public hearing on the need for the proposed levy pursuant to this subdivision. At least three weeks published notice of the hearing in 10 point type, on 12 point body, with a larger headline, shall be given in the legal newspaper with the largest circulation in the district. The notice shall state the amount of the proposed levy in dollars and mills, the net unappropriated fund balance in the district's operating funds as of the June 30 before the levy is certi-

fied, and the tax impact of the proposed levy on homesteads with market values of \$30,000 and \$50,000. At the hearing, the district shall present its proposed revenue and expenditure budgets for the next two school years and the net unappropriated fund balances in all district funds as of the June 30 before the levy is certified, and the board shall hear all parties requesting to give testimony for and against the proposed levy. Upon petition within 20 days after the hearing of five percent of the number of voters who voted in the district at the preceding statewide general election, the board shall call a referendum on a reduction of the proposed levy. The petition shall state the number of mills on the district's adjusted assessed valuation by which it proposes to reduce the proposed levy. No petition or referendum shall provide for a reduction of a proposed levy pursuant to this subdivision to a rate less than one-half mill on the district's adjusted assessed valuation below the rate levied by the district pursuant to this subdivision in the preceding year. The referendum shall be held on a date set by the school board, but no later than September 20 in 1979 or the August 20 before the levy is certified in subsequent years. The question on the ballot shall state the maximum amount of the proposed levy, the amount of the proposed reduction of the levy and the amount of the levy if the reduction is approved, in mills on the district's adjusted assessed valuation in dollars in the first year of the proposed levy. The district may levy the amount provided by the millage proposed by the school board, reduced by any reduction in millage approved at a referendum pursuant to this clause, applied to the preceding year's adjusted assessed valuation until the next even-numbered year. The district is not required to hold a public hearing or call a referendum on a levy pursuant to this subdivision in any odd-numbered year after 1979 which succeeds a year in which a levy is certified pursuant to this subdivision.

Sec. 21. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 7b. (1) It is the intention of the legislature that the revenue provided by the discretionary levy authorized in section 20 of this article and by the corresponding portion of foundation aid provided in section 9, clause (5), of this article and section 10, clause (5), of this article be used to improve instructional programs in grades kindergarten through 12. If the board of any district with a reasonable general fund balance determines that all or part of this revenue is not needed for this purpose and if this determination is demonstrated by an increase in the district's general fund balance in any fiscal year starting in fiscal year 1981, the mill rate used to calculate the authorized discretionary levy and the corresponding portion of foundation aid shall be reduced as provided in this subdivision. For purposes of this subdivision, a "reasonable general fund balance" shall mean \$150 per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5).

(2) In any district where the maximum permissible levy pursuant to section 20 of this article in 1981 or in any year thereafter

is determined according to clause (2), part (a), of that section, and where the net unappropriated general fund balance has increased between the second June 30 before the levy is certified and the June 30 before the levy is certified, the maximum permissible levy pursuant to section 20 of this article in that year shall be reduced by an amount equal to the product obtained by multiplying

(a) the ratio of

(i) the quotient obtained by dividing the amount of that increase in the general fund balance by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the year when the levy is certified, to

(ii) the equalizing factor, times

(b) the district's adjusted assessed valuation for the preceding year.

No levy reduction pursuant to this clause, however, shall exceed an amount equal to the product obtained by multiplying

(a) the ratio of

(i) the difference obtained by subtracting \$150 from the quotient obtained by dividing the amount of the net unappropriated general fund balance in the district as of the June 30 before the levy is certified; by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the year when the levy is certified, to

(ii) the equalizing factors, times

(b) the district's adjusted assessed valuation for the preceding year.

(3) In any district where the maximum permissible levy pursuant to section 20 of this article in 1981 or in any year thereafter is determined according to clause (2), part (b), of that section, and where the net unappropriated general fund balance has increased between the second June 30 before the levy is certified and the June 30 before the levy is certified, the maximum permissible levy pursuant to section 20 of this article in that year shall be reduced by the amount of that increase in the general fund. No levy reduction pursuant to this clause, however, shall exceed an amount equal to the difference obtained by subtracting

(a) the product obtained by multiplying \$150 times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in the year when the levy is certified, from

(b) the amount of the net unappropriated general fund balance in the district as of the June 30 before the levy is certified.

Sec. 22. Minnesota Statutes 1978, Section 275.125, Subdivision 9, is amended to read:

Subd. 9. (1) Districts which receive payments which result in deductions from foundation aid pursuant to section 124.212, sub-

division 8a, clause (1), shall reduce the permissible levies authorized by subdivisions 3 to 14 by that portion of the previous year's payment not deducted from foundation aid on account of the payment. The levy reductions shall be made in the proportions that each permissible levy bears to the sum of the permissible levies. Reductions in levies pursuant to this clause, subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections in the previous fiscal year less the product of the same dollar amount of payments times the ratio of the maximum levy allowed the district under subdivision 2a, to the total levy allowed the district under this section in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to subdivision 2a, clause 1 or 2, to an amount less than the amount raised by a levy of 10 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to subdivision 2a, clause (4) shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision. *The amount of any levy authorized by section 20 of this article shall not be reduced pursuant to this subdivision.*

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to that subdivision. The reduction of the capital expenditure levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year after fiscal year 1975 pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or

nickel properties; and not deducted from foundation aid pursuant to section 124.212, subdivision 8a, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the commissioner of finance in the following amounts pursuant to this clause on the designated dates: on or before March 15, 1977, 20 percent of the amounts received in fiscal 1976 and not deducted from foundation aid in August 1976 and not applied to reduce 1976 payable 1977 levies; on or before March 15, 1979, 60 percent of the amounts received in fiscal 1977 and not deducted from foundation aid and not applied to reduce 1977 payable 1978 levies. Any amounts received by districts in any fiscal year after fiscal year 1977 pursuant to the sections specified in this clause shall be paid by the district to the commissioner of finance in the following amounts amount on the designated dates date: on or before March 15, 1979 and March 15 of each year thereafter, 100 percent of the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124.212, subdivision 8a, which is in excess of the foundation aid earned for that fiscal year. The commissioner of finance shall deposit any amounts received pursuant to this clause in the taconite property tax relief fund in the state treasury, established pursuant to section 16A.70 for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 23. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 19. Beginning with the 1979 payable 1980 levy, any district which it is estimated will receive an amount of minimum foundation aid pursuant to section 9, clause (6) of this article or its successor provision in the year to which the levy is attributable, shall reduce its levy limitation pursuant to subdivision 2a, clause (1) or (2), by the amount of minimum foundation aid which it is estimated that the district will receive in the year to which the levy is attributable.

Sec. 24. Minnesota Statutes 1978, Section 275.125, is amended by adding a subdivision to read:

Subd. 20. The computation of levy limitations pursuant to sections 17, 19 and 23 of this article 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. 25. *In accordance with Minnesota Statutes, Section 648.34, in the next edition of Minnesota Statutes, the revisor of statutes shall renumber Minnesota Statutes, Section 273.132 as a section of Minnesota Statutes, Chapter 124 and alter references*

to it in the statutes to conform to the change. The headnote of the renumbered section shall read: "[STATE SCHOOL AGRICULTURAL CREDIT.]"

Sec. 26. [DEFICIENCY APPROPRIATION.] *The sum of \$1,180,000 is appropriated from the general fund to the department of education for the year ending June 30, 1979 for the payment of a deficiency in funds available for the payment of foundation aid for 1978 summer school programs. This appropriation shall be added to the amount appropriated and allocated for foundation aid for 1978 summer school programs in Laws 1977, Chapter 447, Article I, Section 23, Subdivision 2.*

Sec. 27. [REPEALER.] *Minnesota Statutes 1978, Sections 124.212, Subdivisions 6b and 7b; 124.213; and 275.125, Subdivisions 6 and 7 are repealed.*

Sec. 28. [APPROPRIATION.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

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

\$637,540,900 1980,

This amount includes \$58,544,500 for aid for fiscal year 1979 payable in fiscal year 1980, and \$578,996,400 for aid for fiscal year 1980 payable in fiscal year 1980.

\$653,680,100 1981.

This amount includes \$60,537,100 for aid for fiscal year 1980 payable in fiscal year 1981, and \$593,143,000 for aid for fiscal year 1981 payable in fiscal year 1981.

Subd. 3. [SUMMER SCHOOL.] *For state aid for summer school there is appropriated:*

\$10,759,100 1980,

This amount is for 1979 summer school programs.

\$11,619,900 1981.

This amount is for 1980 summer school programs.

Subd. 4. [SPARSITY AID.] *For sparsity aid pursuant to section 12 of this article there is appropriated:*

\$1,662,000 1980,

\$182,000 1981.

If the appropriation amounts for this purpose are insufficient, the aid shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this subdivision for this purpose. The appropriation in this subdivision for 1981 is for the final payment of sparsity aid for 1980.

Subd. 5. Any unexpended balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

Sec. 29. [EFFECTIVE DATE.] *Section 26 of this article shall be effective the day following final enactment.*

ARTICLE II TRANSPORTATION AID PROGRAM

Section 1. Minnesota Statutes 1978, Section 120.17, Subdivision 4, is amended to read:

Subd. 4. [SPECIAL INSTRUCTIONS FOR NON-RESIDENT CHILDREN.] When a school district provides instruction and services outside the district of residence, ~~transportation or~~ board and lodging, and any tuition to be paid, shall be paid by the district of residence. *Transportation costs shall be paid by the district providing the transportation, and the state shall reimburse the district within the limits provided by law.* The tuition rate to be charged for any handicapped child shall be the actual cost of providing special instruction and services to the child including a proportionate amount for capital outlay and debt service *but not including any amount for transportation*, minus the amount of special aid for handicapped children received on behalf of that child. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. The commissioner shall then set a date for a hearing, giving each board at least ten days' notice, and after the hearing the commissioner shall make his order fixing the tuition rate, which shall be binding on both school districts.

For the purposes herein, any school district may enter into an agreement, upon such terms and conditions as may be mutually agreed upon, to provide special instruction and services for handicapped children. In that event, one of the participating units may employ and contract with necessary qualified personnel to offer services in the several districts, and each participating unit shall reimburse the employing unit a proportionate amount of the actual cost of providing the special instruction and services, less the amount of state special education aid, which shall be claimed in full by the employing district.

Sec. 2. Minnesota Statutes 1978, Section 120.17, Subdivision 6, is amended to read:

Subd. 6. [PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.] The responsibility for special instruction and services for a handicapped child temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The school district of residence of such a child shall be the district in which his parent resides, if living, or his guardian, or the district designated by the commissioner of education if neither parent nor guardian is living within the state.

(b) The district providing the instruction shall maintain an appropriate educational program for such a child and shall bill the district of the child's residence for the actual cost of providing the program, as outlined in subdivision 4, except that the board, lodging, and treatment costs incurred in behalf of a handicapped child placed outside of the school district of his residence by the commissioner of public welfare or the commissioner of corrections or their agents, for reasons other than for making provision for his special educational needs shall not become the responsibility of either the district providing the instruction or the district of the child's residence.

(c) The district of residence shall pay tuition and other program costs, *not including transportation costs*, to the district providing the instruction and the district of residence may claim foundation aid for the child as provided by law. Special transportation costs shall be paid by the district of the child's residence *providing the transportation* and the state shall reimburse *the district* for such costs within the limits set forth in section 124.32, subdivision 3 provided by law.

Sec. 3. Minnesota Statutes 1978, Section 122.85, Subdivision 6, is amended to read:

Subd. 6. Each district entering into an agreement pursuant to subdivision 1 shall continue to provide transportation and collect transportation aid for its resident pupils pursuant to sections 123.39, ~~124.222~~ 8 of this article and 124.223. This subdivision shall not be construed to prohibit a district from providing some or all transportation to its resident pupils by contracting with the other district which has entered the agreement. ~~For purposes of aid calculations pursuant to section 124.222, the commissioner may adjust the base cost per eligible pupil transported to reflect changes in costs resulting from any agreement which provides for each district to discontinue at least one grade.~~

Sec. 4. Minnesota Statutes 1978, Section 123.79, Subdivision 1, is amended to read:

123.79 [FUNDS AND AIDS.] Subdivision 1. Such state aids as may become available or appropriated shall be governed by section ~~124.222~~ 8 of this article, be paid to the school district entitled thereto for the equal benefit of all school children, and be disbursed in such manner as determined by the board.

Sec. 5. Minnesota Statutes 1978, Section 123.80, Subdivision 1, is amended to read:

123.80 [SAFETY EDUCATION FOR TRANSPORTED STUDENTS.] Subdivision 1. ~~Not later than January 1, 1975~~ The state board of education shall provide by rule or regulation a program of safety education for students who are transported to school. Each district receiving aid under the provisions of section ~~124.222~~ 8 of this article shall implement the program for the school year beginning in September 1975. In drafting said regulations, the board shall give particular attention to procedures for loading, unloading,

vehicle lane crossing and emergency evacuation procedures as they affect school buses.

Sec. 6. Minnesota Statutes 1978, Section 124.222, Subdivision 3, is amended to read:

Subd. 3. [PAYMENT SCHEDULE.] Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, the state shall pay to each school district 30 percent of its estimated school transportation aid entitlement for the fiscal year on or before each of the following dates: August 31, December 31, and March 31. ~~The amount of transportation aid for school bus depreciation shall be paid on or before September 30.~~ The final aid distribution to each district shall be made on or before October 31 of the following fiscal year.

Sec. 7. Minnesota Statutes 1978, Section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.] ~~For the 1978-1979 school year and thereafter,~~ School transportation and related services for which state transportation aid is authorized are:

(1) Transportation or board of resident pupils who reside one mile or more from the public schools which they could attend, or transportation to, from, or between the schools they attend pursuant to a program approved by the commissioner of education, or who reside one mile or more from a private school actually attended, but only to the extent permitted by sections 123.76 to 123.79 with respect to private school pupils;

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

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

(4) Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a;

(5) When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner

of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

(8) Services described in clauses (1) to (7) and clause (10) when provided in conjunction with a state board approved summer school program;

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

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

Sec. 8. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.224] [TRANSPORTATION AID ENTITLEMENT.]
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) *"Total authorized cost" or "total authorized expenditure" means the sum of:*

(i) *all expenditures for transportation for which aid is authorized in section 124.223, plus*

(ii) *an amount equal to one year's depreciation on the district's school bus fleet computed on a straight line basis at the rate of 12½ percent per year of the cost of the fleet, plus*

(iii) *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 33½ percent per year of the cost to the district of the reconditioning.*

(c) *"Total authorized predicted cost" means the total authorized cost predicted by a linear regression formula determined by the department of education.*

(d) *"Regular and summer school authorized FTE's transported" means full time equivalent pupils transported under section 124.223, clause (1), during the regular school year and in conjunction with a state board approved summer school program.*

Subd. 2. For the 1979-1980 school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. A linear regression formula shall be determined for each planning region by the department of education, using the terms specified in subdivision 4, to maximize the amount of variance accounted for between the total actual authorized cost per FTE for the 1977-1978 school year and the total authorized predicted cost per FTE for the 1977-1978 school year. The formula determined for each region shall be used to determine a total authorized predicted cost per FTE for the 1977-1978 school year for each district in the region. The amount determined for each district shall be adjusted according to the provisions of subdivisions 5 and 7. The linear regression formulas shall be determined so that the total transportation aid for the 1979-1980 school year does not exceed the amount appropriated for transportation aid for the 1979-1980 school year.

Subd. 3. For the 1980-1981 school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. A linear regression formula shall be determined for each planning region by the department of education, using the terms specified in subdivision 4, to maximize the amount of variance accounted for between the total actual authorized cost per FTE for the 1978-1979 school year and the total authorized predicted cost per FTE for the 1978-1979 school year. The formula determined for each region shall be used to determine a total authorized predicted cost per FTE for the 1978-1979 school year for each district in the region. The amount determined for each district shall be adjusted according to the provisions of subdivisions 6 and 7. The linear regression formulas shall be determined so that the total transportation aid for all districts for the 1980-1981 school year does not exceed the amount appropriated for transportation aid for the 1980-1981 school year.

Subd. 4. To predict the natural logarithm of the total authorized cost per FTE transported authorized by law, the linear regression formula shall use the following terms and all their cross products:

(1) The natural logarithm of the quotient of 1.00 divided by the total number of authorized FTE's transported;

(2) The natural logarithm of the sum of 100 plus the difference between the average of the square roots computed for all districts in the state of the number of regular and summer school authorized FTE's transported per square mile minus the square root of the number of regular and summer school authorized FTE's transported per square mile in the district;

(3) The natural logarithm of the ratio of the number of regular and summer school authorized FTE's transported to the district's total average daily membership;

(4) *The natural logarithm of the number of regular and summer school authorized FTE's transported per square mile;*

(5) *The natural logarithm of the district's average daily membership;*

(6) *The natural logarithm of the size of the district measured in square miles; and*

(7) *The natural logarithm of the total number of FTE's transported by the district authorized for aid pursuant to section 124.223 minus the number of regular and summer school authorized FTE's transported.*

Subd. 5. The total authorized predicted cost per FTE determined for a district under subdivision 2 for 1977-1978 shall be increased by 17 percent.

Subd. 6. The total authorized predicted cost per FTE determined for a district under subdivision 3 for 1978-1979 shall be increased by 17 percent.

Subd. 7. (1) Each district's adjusted total authorized predicted cost per FTE determined for each school year according to subdivision 5 or 6 shall be compared to the total actual expenditure per FTE for authorized transportation for that district for that year to determine the district's aid entitlement per FTE for that year.

(2) If the adjusted total authorized predicted cost per FTE is greater than the district's actual authorized expenditure per FTE, its aid entitlement per FTE shall equal the adjusted predicted cost per FTE minus 10 percent of the first \$10 of difference between the adjusted total authorized predicted cost per FTE and the actual expenditure per FTE; minus 20 percent of the next \$20; minus 40 percent of the next \$20; minus 60 percent of the next \$50; and minus 75 percent of the difference which exceeds \$100.

(3) If the adjusted total authorized predicted cost per FTE is less than the district's actual authorized expenditure per FTE, its aid entitlement per FTE shall equal the adjusted total authorized predicted cost per FTE plus 10 percent of the first \$10 of difference between the adjusted predicted cost per FTE and the actual expenditure per FTE; plus 20 percent of the next \$20; plus 40 percent of the next \$20; plus 60 percent of the next \$50; and plus 75 percent of the difference which exceeds \$100.

(4) Notwithstanding clauses (2) and (3), for the 1979-1980 school year, no district's aid entitlement per FTE shall be less than its actual authorized expenditure per FTE minus \$20 or more than its actual authorized expenditure per FTE plus \$20.

Subd. 8. A district's aid pursuant to this section for each school year shall equal the district's aid entitlement per FTE determined according to subdivision 7 times the total number of authorized FTE's transported in the district in that school year, minus the amount raised by one mill times the adjusted assessed valuation

which is used to compute the transportation levy limitation for the levy attributable to that school year.

Subd. 9. Each district shall report to the department before July 1 of each year an estimate for the next school year of the total number of FTE's transported by category and an estimate of the district's total actual authorized transportation expenditure by category. The district's aid shall be determined for purposes of the first three transportation aid payments for the school year using these estimates. Before August 15 of each year, each district shall provide the department with the information for the preceding school year which the department determines is necessary to compute the district's actual authorized expenditure per FTE for purposes of the computation in subdivision 7 and the district's actual total number of FTE's transported for purposes of the aid computation in subdivision 8. The district's final transportation aid payment for that school year shall be based on these computations.

Subd. 10. Any school district which owns school buses shall transfer annually from its transportation fund to its bus purchase fund at least an amount equal to 12½ percent of the original cost of each bus until the original cost of each bus is fully amortized, plus 33⅓ percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized. Any school district may transfer any amount from its transportation fund to any other operating fund or to its bus purchase fund.

Sec. 9. Minnesota Statutes 1978, Section 169.44, Subdivision 1, is amended to read:

169.44 [SCHOOL BUSES; STOP SIGNALS; CONDUCT OF OTHER VEHICLES.] Subdivision 1. [MEETING OR OVERTAKING BUSES; STOP SIGNALS; STOPPING.] The driver of a vehicle upon a street or highway, upon meeting or overtaking from front or rear any school bus which has stopped on the street or highway for the purpose of receiving or discharging any school child or children, shall stop the vehicle not less than 20 feet from the bus when the bus is stopped and is displaying an extended stop signal arm and flashing red signals and shall remain stopped until the school bus driver retracts the stop signal arm and extinguishes the flashing red signals. A failure to stop as required by this subdivision is a misdemeanor. Every school bus with a seating capacity in excess of 16 persons shall be equipped with a stop signal arm, pre-warning flashing amber signals and flashing red signals. The stop signal arm of a vehicle outwardly equipped and identified as a school bus shall be used in conjunction with the flashing red signals only when the school bus is stopped on a street or highway for the purpose of receiving or discharging any school child or children.

Subd. 1a. Every school bus with a seating capacity in excess of 16 persons and every vehicle purchased for delivery after April 1, 1977 for use in the state of Minnesota as a school bus, with a seating capacity in excess of ten persons including the driver, shall be

equipped with a stop signal arm, pre-warning flashing amber signals and flashing red signals. Every new school bus purchased for delivery after June 1, 1973, for use in the state of Minnesota as a school bus with a seating capacity in excess of 16 persons and every new vehicle purchased for delivery after April 1, 1977 for use in the state of Minnesota as a school bus, with a seating capacity in excess of ten persons including the driver, shall be of a uniform color, national school bus glossy yellow. Any school bus substantially repainted after June 1, 1973 shall be painted national school bus glossy yellow. Any school bus or vehicle which satisfies these equipment and color requirements and which bears signs containing the words "school bus" as provided in subdivision 3 shall be deemed to be outwardly equipped and identified as a school bus for purposes of this section.

Subd. 1b. Vehicles district owned or under contract having a seating capacity of 16 or fewer persons transporting school children to or from school which are not required to be outwardly equipped and identified as school buses pursuant to subdivision 1a shall comply with state board of education rules and regulations relating to, but not limited to, construction, design, equipment, color, identification, and operation.

Sec. 10. Minnesota Statutes 1978, Section 169.44, Subdivision 2, is amended to read:

Subd. 2. [LOADING AND UNLOADING PASSENGERS; USE OF SIGNALS.] (a) Drivers of a school bus with a capacity of more than 16 persons vehicle outwardly equipped and identified as a school bus shall actuate the pre-warning flashing amber signals of the bus before stopping to load or unload a school child or children at least 300 feet when operating outside an incorporated municipality and at least 100 feet when operating within an incorporated municipality and, upon stopping for such purpose, such drivers shall extend the stop signal arm and actuate the flashing red signals and shall not retract the stop signal arm and extinguish the flashing red signals until loading or unloading is completed and persons who must cross the street or highway are safely across.

(b) School bus drivers shall not actuate the pre-warning flashing amber signals or flashing red signals:

(1) in special school bus loading areas where the bus is entirely off the traveled portion of the road;

(2) in residence or business districts of cities except when directed by the local school administrator;

(3) when a school bus is being used on a highway for purposes other than the actual transportation of school children to or from school or a school approved activity, in which event the words "school bus" on the front and rear of the bus shall be removed or completely concealed; and

(4) at railroad grade crossings.

(c) Where school children must cross the road before boarding or after being discharged from the bus, the driver of a school bus

or a school bus patrol may supervise such crossings making use of the standard school patrol flag or signal as approved and prescribed by the commissioner of public safety. When children are alighting from a school bus, and not crossing the road, the driver shall visually ascertain that alighting children shall be a safe distance from the bus before moving the bus.

(d) Vehicles having a seating capacity of 16 or fewer persons not outwardly equipped and identified as school buses shall load or unload school children only from the right hand side of the vehicle, except on a one way street such vehicle shall load or unload school children only from the curb side of the vehicle.

Sec. 11. Minnesota Statutes 1978, Section 169.44, is amended by adding a subdivision to read:

Subd. 12. [AISLE AND EXIT.] The driver of a school bus shall keep the aisle and emergency exit of a school bus unobstructed at all times when children are being transported.

Sec. 12. Minnesota Statutes 1978, Section 169.44, is amended by adding a subdivision to read:

Subd. 13. [TRAILER BEHIND A SCHOOL BUS.] A school bus may pull a trailer, as defined by section 169.01, subdivision 10, only when traveling to or from co-curricular or extra curricular activities, as defined in section 123.38.

Sec. 13. Minnesota Statutes 1978, Section 275.125, Subdivision 15, is amended to read:

Subd. 15. If any school district levy is found to be excessive as a result of a decision of the tax court or a redetermination by the equalization aid review committee under section 124.212, subdivisions 11 to 18 or for any other reason, the amount of the excess shall be deducted from the levy certified in the next year for the same purpose; provided that if no levy is certified in the next year for the same purpose or if the amount certified is less than the amount of the excess, the excess shall be deducted from that levy and the levy certified pursuant to subdivision 2a. If any aid entitlement pursuant to sections 124.212, ~~124.222~~ 8 of this article and 124.245 would have been increased in a prior year as a result of a decision of the tax court or a redetermination by the equalization aid review committee, the amount of the increase shall be added to the current aid entitlement for the same purposes.

Sec. 14. [REPEALER.] *Minnesota Statutes 1978, Sections 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; and 169.44, subdivisions 5 and 7, are repealed.*

Sec. 15. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

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

\$89,228,0001980,
 \$92,512,0001981.

The appropriation for 1980 includes \$7,600,700 for aid for fiscal year 1979 payable in fiscal year 1980, and \$81,627,300 for aid for fiscal year 1980 payable in fiscal year 1980.

The appropriation for 1981 includes \$9,000,000 for aid for fiscal year 1980 payable in fiscal year 1981 and \$83,512,000 for aid for fiscal year 1981 payable in fiscal year 1981.

Subd. 3. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

ARTICLE III

SPECIAL AND COMPENSATORY EDUCATION AID

Section 1. Notwithstanding the provisions of Minnesota Statutes, Section 120.17, Subdivision 7a, for the 1978-1979 school year, the tuition charged a child's district of residence by the state board of education for providing a program for the child at the Minnesota school for the deaf or the Minnesota braille and sight-saving school shall not exceed \$2,000 for an entire school year or a prorated amount based on the portion of the school year for which the child is a resident of the district or is actually in membership in the program.

Sec. 2. Minnesota Statutes 1978, 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 education 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; provided the refusal of a parent or guardian to provide this consent may be overridden by the decision in a hearing held pursuant to clause (d) at the district's initiative after at least one attempt to obtain this consent through a conciliation conference held pursuant to clause (c);

(b) (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);

~~(e)~~ (d) Parents and , guardians and the district shall have an opportunity to obtain an ~~informal~~ impartial due process hearing initiated and conducted in the school district where the child resides, if after at least one conciliation conference the parent or guardian continues to object to: (1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child; (2) the proposed placement of their child in, or transfer of their child to a special education program; (3) the proposed denial of placement of their child in a special education program; (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 the option of the school board, The hearing shall take place either before the school board; or (1) its designee, (2) a person an impartial hearing officer mutually agreed to by the school board and the parent or guardian , or (3) a person appointed by the commissioner. A decision pursuant to (1), (2), or (3) shall be subject to review by the school board within ten days of its option. 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 his 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.~~

~~(d)~~ (e) ~~Within five days of a hearing or review The decision of the hearing officer pursuant to clause (e) ; the person or persons conducting the hearing or review (d) shall issue a 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 local decision which of the hearing officer shall be binding on all parties unless appealed to the commissioner by the parent or , guardian , or the school board of the district where the child resides pursuant to clause (e) (f).~~

The local decision shall:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the commissioner 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.

~~(e)~~ (f) Any local decision issued pursuant to clauses ~~(e)~~ and (d) and ~~(e)~~ may be appealed to the commissioner within 15 calendar days of receipt of that written decision, by the parent or guardian, or the school board of the district where the child resides. The school board shall be a party to any appeal.

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. However, for appeals of local decisions issued by school boards or their designees concerning proposals set forth in clause ~~(e)~~ (1), (2), and (4), no written transcript shall be made if the parent or guardian requests a chapter 15 due process hearing pursuant to this clause at the time the appeal is filed. The commissioner shall issue a final decision based on an impartial review of the local decision and the entire record within 30 calendar days after receipt of the local decision and the transcript the filing of the appeal. However, in appeals of local decisions issued by school boards or their designees concerning proposals set forth in clause ~~(e)~~ (1), (2) and (4), a parent or guardian may, at the time the appeal is filed, request a due process hearing conducted pursuant to the provisions of chapter 15. In that case the commissioner shall issue a final decision within 30 days after that hearing and the final decision shall be based on the report of the hearing examiner. The commissioner 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 15. The commissioner 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.

~~(f)~~ (g) The decision of the commissioner shall be final unless appealed by the parent or guardian or school board to the district court of the county in which the school district in whole or in part is located. The scope of judicial review shall be as provided in chapter 15.

(h) 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 his current educational placement and shall not be denied initial admission to school.

~~(g)~~ *(i) The child's school district of residence, if different from the district where the child actually resides, shall receive notice of and may be a party to any hearings or appeals pursuant to this subdivision.*

(j) This subdivision shall expire on June 30, 1981. The department of education shall report to the education committees of the legislature on or before January 1, 1981, on the impact of the amendments made in this subdivision by this act and on the advisability of amending this subdivision to read as it reads in Minnesota Statutes 1978.

Sec. 3. Minnesota Statutes 1978, Section 120.17, Subdivision 7a, is amended to read:

Subd. 7a. [ATTENDANCE AT SCHOOL FOR THE HANDICAPPED.] Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota school for the deaf or the Minnesota braille and sight-saving school shall be determined in the following manner:

(a) The legal residence of the child shall be the school district in which his parent or guardian resides.

(b) When it is determined pursuant to section 128A.05, subdivisions 1 or 2 that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the actual cost of providing the program; provided, however, that *effective for the 1979-1980 school year and thereafter*, the amount of tuition charged shall not exceed \$2,000 *the sum of \$500 plus the foundation aid formula allowance of the district for that child, for any an entire school year, or a prorated amount based on the portion of the school year for which the child is a resident of the district or is actually in membership in the program. For purposes of this subdivision, "foundation aid formula allowance" shall have the meaning attributed to it in section 124.32, subdivision 1a.* The district of the child's residence shall pay the tuition and may claim foundation aid for the child. *The district of the child's residence shall not receive aid pursuant to section 124.32, subdivision 5, for tuition paid pursuant to this subdivision. All tuition so received by the state board shall be deposited in the state treasury.*

(c) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less

any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for handicapped children shall be paid to the district providing the special instruction and services. Special transportation shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law; .

(d) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in clause (c) for providing appropriate educational programs to pupils attending the applicable school.

(e) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to supply staff from the Minnesota School for the Deaf and the Minnesota Braille and Sight-Saving School to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

Sec. 4. Minnesota Statutes 1978, Section 124.212, Subdivision 20, is amended to read:

Subd. 20. No adjustments to foundation aid payments resulting from omissions in school district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 15 of the next school year. Any school district educating children who are residents of another school district shall notify the district of residence within 60 days of the date the child is determined by the district to be a nonresident, but not later than October 1 following the end of the school year in which the child is educated. If the district of residence does not receive a notification from the providing district pursuant to this subdivision, it shall not be liable to that district for any tuition billing received after October 1 of the next school year. If a commissioner of a state agency, or his representative or agent, or a court of the state of Minnesota desires to place a child in a school district which is not his district of residence, that commissioner or court shall, prior to placement if possible, notify the district of attendance, the district of residence, and the commissioner of education of its intention.

Sec. 5. Minnesota Statutes 1978, Section 124.212, is amended by adding a subdivision to read:

Subd. 20a. If a state agency or a court of the state desires to place a child in a school district which is not the child's district of residence, that agency or court shall, prior to placement, allow the district of residence an opportunity to participate in the placement decision and notify the district of residence, the district of attendance and the commissioner of education of the placement

decision. When a state agency or court determines that an immediate emergency placement is necessary and that time does not permit district participation in the placement decision or notice to the districts and the commissioner of education of the placement decision prior to the placement, the agency or court may make the decision and placement without that participation or prior notice. The agency or court shall notify the district of residence, the district of attendance and the commissioner of education of an emergency placement within 15 days of the placement.

Sec. 6. Minnesota Statutes 1978, Section 124.32, Subdivision 1, is amended to read:

124.32 [HANDICAPPED CHILDREN.] Subdivision 1. The state shall pay to any district:

(a) for the employment in its educational program for handicapped children, ~~60 percent of the salary of essential personnel in 1977-1978 and the greater of:~~

(1) ~~(a) 69 percent of the salary of essential personnel in 1978-1979, but this amount shall not exceed \$11,500 in 1977-1978 or \$12,000 in 1978-1979 for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district; plus~~

(b) ~~Plus five percent of the salaries of essential personnel employed in its educational program for handicapped children, for the purpose of recognizing additional support costs of educational programs for handicapped children; or~~

(2) ~~70 percent of the salary of essential personnel for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.~~

(3) ~~A district shall receive aid pursuant to only one clause of clauses (1) and (2) of this subdivision for a school year.~~

Sec. 7. Minnesota Statutes 1978, Section 124.32, Subdivision 1a, is amended to read:

Subd. 1a. For purposes of this section, ~~for the 1977-1978 school year, the foundation aid formula allowance per pupil unit shall be the lesser of \$1,030 or the greater sum computed pursuant to section 124.212, subdivision 6b, clause (2). The the foundation aid formula allowance per pupil unit shall be \$1,005 for the 1978-1979 school year, \$1,155 \$1,182 for the 1979-1980 school year, and \$1,220 \$1,265 for the 1980-1981 school year. Computations of foundation aid formula allowances pursuant to this section shall be based on the foundation aid formula allowance per pupil unit in the child's district of residence. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped~~

child shall be counted as prescribed in section 124.17, subdivision 1, clause (1) or (2).

Sec. 8. Minnesota Statutes 1978, Section 124.32, Subdivision 5, is amended to read:

Subd. 5. When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay to the resident district not to exceed 60 percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance in the resident district, for each handicapped child placed in a residential facility. *No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota school for the deaf or the Minnesota braille and sight-saving school. Not more than \$550,000 for 1977-1978 and \$600,000 for 1978-1979 shall be paid for the purposes of this subdivision. If that amount does not suffice, the aid shall be prorated among all qualifying districts.*

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

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

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

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

Sec. 9. Minnesota Statutes 1978, Section 124.32, Subdivision 7, is amended to read:

Subd. 7. Before May 1 of each year, each district providing special instruction and services to handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs proposed as eligible for state aid pursuant to this section and of the estimated number and grade level of handicapped children in the district who will receive special instruction and services during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application in

order to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to handicapped children pursuant to section 120.17. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel he determines to be unnecessary or unessential on the basis of this review. The commissioner may also withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. On or before July 1 of each year, the commissioner shall approve, disapprove or modify each application, and notify each applying district of his action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school year, for programs needed to meet any substantial changes in the needs of handicapped children in the district. *Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw his program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time when he determines that the program does not comply with the rules and standards of the state board or that any facts concerning the program or its budget differ from the facts presented in the district's approved application.*

Sec. 10. Minnesota Statutes 1978, Section 124.32, Subdivision 10, is amended to read:

Subd. 10. ~~The state shall pay aid for 1977 summer school programs for handicapped children on the basis of the formula applicable to the 1977-1978 school year. Beginning with the summer of 1978, the~~ *The state shall pay aid for summer school programs for handicapped children on the basis of the sections of Minnesota Statutes providing aid for handicapped children for the preceding school year. On or before 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 his action and of the estimated amount of aid for the summer school programs. Aid for these programs shall be paid on or before the October 1 after the summer when the programs are conducted.*

Sec. 11. Minnesota Statutes 1978, Section 126.39, Subdivision 10, is amended to read:

Subd. 10. [REPORT.] The state board shall make a report to the legislature, the governor and the public on or before ~~September 1, 1979~~ *February 1, 1980*. This report shall include the results of the needs assessment, including an evaluation of the pilot programs, the number of children served in programs for each language group; the cost of the program per pupil for each pilot program language group, and program type; the number of children in each school district, language group and program type

who, as a result of the bilingual education program, improved their English language ability to such an extent that the program is no longer necessary for those children; and recommendations for legislation including any need for expansion and accompanying plans and cost estimates in the areas of bilingual education.

Sec. 12. Minnesota Statutes 1978, Section 126.40, Subdivision 3, is amended to read:

Subd. 3. [TERMS.] *The advisory task force shall expire and The terms, compensation, and removal of members of the advisory task force shall be as provided for in section 15.059, subdivision 6. Notwithstanding the provisions of section 15.059, subdivision 6, the advisory task force shall expire June 30, 1980.*

Sec. 13. Minnesota Statutes 1978, Section 126.41, Subdivision 1, is amended to read:

126.41 [PILOT PROGRAMS.] Subdivision 1. [GRANTS, PROCEDURES.] For fiscal years 1978, and 1979, and 1980, as part of the needs assessment effort, the state board of education shall make grants to no fewer than three transitional bilingual education programs. At least one pilot bilingual program shall be in a rural area. The board of a local district or a group of boards may submit a proposal for a grant for a transitional bilingual education program. The state board shall prescribe the form and manner of application for grants, and no grant shall be made for proposals not complying with the requirements of sections 126.31 to 126.42. Every program proposal shall be submitted to the state board not less than six months before the planned commencement of the program; provided, however that this six month requirement shall not apply to school districts with an existing bilingual education program established and approved pursuant to section 701 et seq., of Title VII of the Elementary and Secondary Education Act of 1965. The state board shall submit all proposals to the state advisory task force on bilingual education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 14. Minnesota Statutes 1978, Section 126.52, Subdivision 10, is amended to read:

Subd. 10. [REPORT.] The state board shall make a report to the legislature, the governor and the public on or before ~~September 1, 1979~~ *February 1, 1980*. This report shall include the results of the needs assessment, including an evaluation of the pilot programs, and recommendations for legislation in the area of American Indian language and culture education.

Sec. 15. Minnesota Statutes 1978, Section 126.53, Subdivision 3, is amended to read:

Subd. 3. *The advisory task force shall expire and The terms, compensation, and removal of members of the advisory task force shall be as provided for in section 15.059, subdivision 6. Notwithstanding the provisions of section 15.059, subdivision 6, the advisory task force shall expire June 30, 1980.*

Sec. 16. Minnesota Statutes 1978, Section 126.54, Subdivision 1, is amended to read:

126.54 [PILOT PROGRAMS.] Subdivision 1. [GRANTS; PROCEDURES.] For fiscal years 1978, and 1979, and 1980, as part of the needs assessment effort, the state board of education shall make grants to no fewer than six school year pilot American Indian language and culture education programs. At least three pilot programs shall be in urban areas and at least three shall be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of pilot American Indian language and culture education programs. Proposals may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal or alternative schools. The state board shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements of sections 126.45 to 126.55. Every program proposal shall be submitted to the state board not less than six months before the planned commencement of the program. The state board shall submit all proposals to the state advisory task force on American Indian language and culture education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 17. Minnesota Statutes 1978, Section 128A.02, Subdivision 6, is amended to read:

Subd. 6. The rules of the state board pursuant to this section shall establish procedures for admission to and discharge from the schools, for decisions on a child's program at the schools and for evaluation of the progress of children enrolled in the schools. These procedures shall guarantee children and their parents appropriate procedural safeguards, including a review of the placement determination made pursuant to sections 120.17 and 128A.05, and the right to participate in educational program decisions. *Notwithstanding the provisions of section 15.0411, proceedings concerning admission to and discharge from the schools, a child's program at the schools and a child's progress at the schools shall not be deemed to be contested cases subject to sections 15.041 to 15.052 but shall be governed instead by the rules of the state board pursuant to this section.*

Sec. 18. *The state board of education may adopt temporary rules effective until June 30, 1980, pursuant to section 2 of this article.*

Sec. 19. [REPEALER.] *Minnesota Statutes 1978, Section 120.171, is repealed.*

Sec. 20. [DEFICIENCY APPROPRIATION; RESIDENTIAL PROGRAMS AID.] *The sum of \$230,000 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1979, for the payment of a deficiency in funds available for aid pursuant to section 124.32, subdivision 5. The appropriation shall be added to the amount included for this pur-*

pose in the sum appropriated for fiscal year 1979 in Laws 1977, Chapter 447, Article III, Section 16, Subdivision 2.

Sec. 21. [SPECIAL AND COMPENSATORY EDUCATION AIDS; APPROPRIATION.] Subdivision 1. *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. For special education aid in 1980 there is appropriated:

- (a) \$75,044,350 for aid for fiscal year 1980 payable in fiscal year 1980;*
- (b) \$ 7,278,000 for the payment of the final special education aid distribution to each district for fiscal year 1979, payable in fiscal year 1980;*
- (c) \$ 4,206,000 for special education aid for 1979 summer school programs payable in fiscal year 1980; and*
- (d) \$ 824,300 for aid pursuant to section 124.32, subdivision 5, payable in fiscal year 1980.*

Any unexpended balance remaining from the appropriations in clauses (a), (b), (c) or (d) of this subdivision shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in clauses (a), (b), (c) or (d) of this subdivision shall be expended for a purpose other than the purpose indicated by that clause.

Subd. 3. For special education aid in 1981 there is appropriated:

- (a) \$77,145,000 for aid for fiscal year 1981 payable in fiscal year 1981;*
- (b) \$ 8,338,450 for the payment of the final special education aid distribution to each district for fiscal year 1980, payable in fiscal year 1981;*
- (c) \$ 4,722,250 for special education aid for 1980 summer school programs payable in fiscal year 1981; and*
- (d) \$ 934,300 for aid pursuant to section 124.32, subdivision 5, payable in fiscal year 1981.*

Any unexpended balance remaining from the appropriations in clauses (a), (b), (c) or (d) of this subdivision shall cancel. None of the amounts appropriated in clauses (a), (b), (c) or (d) shall be expended for a purpose other than the purpose indicated by that clause.

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

Subd. 5. For grants to pilot bilingual education programs pursuant to section 126.41, subdivision 1, there is appropriated:

\$400,000 1980.

Subd. 6. For grants to pilot American Indian language and culture education programs pursuant to section 126.54, subdivision 1, there is appropriated:

\$600,000 1980.

Sec. 22. [EFFECTIVE DATE.] Sections 1, 9, 12, 15, and 20 of this article are effective the day following final enactment.

ARTICLE IV

COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1978, Section 124.271, is amended by adding a subdivision to read:

Subd. 1a. In fiscal year 1980, the state shall pay the greater of 75 cents per capita or \$5,000 to each school district which is operating a community school program in compliance with the rules promulgated by the state board and which has levied at least the lesser of \$1 per capita or the maximum permissible certified levy for community services pursuant to section 275.125, subdivision 8, clause (1), for use in that year.

Sec. 2. Minnesota Statutes 1978, Section 124.271, Subdivision 2, is amended to read:

Subd. 2. In fiscal year ~~1978~~ 1981 and each year thereafter, the state shall pay ~~the greater of 75 cents per capita or \$7,000~~ to each school district which is operating a community school program in compliance with the rules promulgated by the state board and which has levied at least the lesser of \$1 per capita or the maximum permissible certified levy for community services pursuant to section 275.125, subdivision 8, clause (1), for use in that year.

Sec. 3. Minnesota Statutes 1978, Section 124.271, Subdivision 5, is amended to read:

Subd. 5. All community school programs aid shall be distributed by the state aids, statistics and research section of the state department of education. Aid shall be distributed prior to November 1; ~~1976~~ and each year thereafter.

Sec. 4. Minnesota Statutes 1978, Section 275.125, Subdivision 8, is amended to read:

Subd. 8. (1) In ~~1977~~ 1979, and each year thereafter, a district which has established a community school advisory council pursuant to section 121.88, may levy an amount of money raised by the greater of (A) \$2 \$2.50 per capita, or (B) the amount certified pursuant to this subdivision in 1976. These levies shall be used for community services including nonvocational adult programs, recreation and leisure time activity programs, and programs contemplated by sections 121.85 to 121.88. For purposes of computing the

levy limitation pursuant to this subdivision, the amount certified pursuant to this subdivision in 1976 shall not reflect reductions pursuant to subdivision 9.

(2) A school district shall be authorized to make a levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to make a levy pursuant to this subdivision.

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

Sec. 5. [DEFICIENCY APPROPRIATION.] *The sum of \$186,000 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1979, for the payment of a deficiency in funds available for aid for adult education pursuant to section 124.26 in that year. This appropriation shall be added to the sum appropriated for fiscal year 1979 for adult education aid in Laws 1977, Chapter 447, Article IV, Section 7, Subdivision 2.*

Sec. 6. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

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

*\$890,000 1980,
\$970,000 1981.*

The amount appropriated for fiscal year 1980 includes \$80,630 for aid for fiscal year 1979 payable in fiscal year 1980, and \$809,370 for aid for fiscal year 1980 payable in fiscal year 1980.

The amount appropriated for fiscal year 1981 includes \$89,930 for aid for fiscal year 1980 payable in fiscal year 1981 and \$880,070 for aid for fiscal year 1981 payable in fiscal year 1981.

Subd. 3. [G.E.D. REIMBURSEMENT AID.] For G.E.D. reimbursement aid, there is appropriated:

*\$75,000 1980,
\$81,000 1981.*

Subd. 4. [COMMUNITY EDUCATION AID.] For community education aid, there is appropriated:

\$3,150,000.....1980,

\$3,600,000.....1981.

Subd. 5. Any unexpended balance remaining from the appropriation in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

ARTICLE V

VOCATIONAL AID PROGRAM

Section 1. Minnesota Statutes 1978, Section 121.21, Subdivision 6, is amended to read:

Subd. 6. The state board for vocational education shall promulgate, pursuant to chapter 15, such rules governing the operation and maintenance of schools so classified as will afford the people of the state an equal opportunity to acquire public vocational and technical education. Rules relating to post-secondary vocational-technical education shall not incorporate the provisions of the state plan for vocational education by reference.

The rules shall provide for, but are not limited to, the following:

(a) The area to be served by each school, which may include one or more districts or parts thereof;

(b) Curriculum and standards of instruction and scholarship;

(c) Attendance requirements, ~~age limits of trainees, and Minnesota non-resident attendance, and the determination of the actual costs of providing individual programs, all to be determined in accordance with the provisions of sections 124.561 to 124.565;~~

(d) The distribution and apportionment to the local districts of all funds, whether state or federal or other funds, which may be made available to the state board for vocational education for carrying out the purposes of post-secondary vocational-technical education in accordance with law;

~~(e) Transportation requirements and payment of aid therefor;~~
and

~~(f) (e) General administrative matters.~~

Sec. 2. Minnesota Statutes 1978, Section 121.912, Subdivision 1, is amended to read:

121.912 [PERMANENT FUND TRANSFERS.] Subdivision 1. After July 1, 1977, no school district shall permanently transfer money from an operating fund to a nonoperating fund except as provided in this subdivision. Permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal

years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. Permanent transfers may be made from the general fund to the capital expenditure fund of a post-secondary vocational-technical school in the amount and for the purposes authorized by the state board for vocational education in approving the school's budget pursuant to section 124.561; provided, the state board shall not approve any permanent transfer for the purpose of the acquisition or betterment of lands or buildings or a capital improvement ~~improvement needed for a post-secondary vocational-technical school, for which the district is required to obtain the approval of the state board or authorization by specific legislative act pursuant to section 121.21, subdivision 4 which requires the expenditure of an amount equal to or greater than \$50,000, which changes the perimeter walls of an existing facility, which adds more than 1,000 square feet to a post-secondary vocational facility, or which requires the issuance of school district bonds; provided further, the state board shall not approve the permanent transfer for any other purpose of any amount which exceeds \$150,000.~~

Sec. 3. Minnesota Statutes 1978, Section 124.11, Subdivision 2, is amended to read:

Subd. 2. Estimated post-secondary vocational foundation aid shall be paid to districts in 12 equal monthly payments beginning July 15, 1976. The estimated post-secondary vocational foundation aid shall be paid on the basis of the prior year's average daily membership except that the average daily membership and the payments based thereon may shall be adjusted in September, December, March and June to reflect any increases or decreases in enrollment. The September payment in each fiscal year shall be increased or decreased to reflect any deficit or excess in post-secondary vocational foundation aid received in the prior fiscal year.

Sec. 4. Minnesota Statutes 1978, Section 124.11, is amended by adding a subdivision to read:

Subd. 2a. Ninety percent of the estimated post-secondary vocational instructional aid shall be paid to each district in 12 equal monthly payments on the 15th of each month beginning in July 1980. A final payment of the remainder of the post-secondary vocational instructional aid for each fiscal year shall be made to each district in September of the following fiscal year. The September 1980 payment shall be adjusted to reflect any deficit or excess in post-secondary vocational foundation aid received by a district in fiscal year 1980. The September 1981 final payment shall be adjusted to reflect the actual average daily membership for the previous fiscal year. The final payment in September 1982 and each year thereafter shall be adjusted to reflect the actual annual student count for the previous fiscal year. For the 1980-1981 school year, 90 percent of the estimated post-secondary vocational instructional aid shall be paid on the basis of the department of education's estimates of the current year's average daily membership adjusted in September, December, March and June to reflect any

increases or decreases in enrollment. Beginning with the 1981-1982 school year, the estimated post-secondary vocational instructional aid shall be paid on the basis of the department of education's estimates of the current year's annual student count, adjusted in September, December, March and June to reflect any increases or decreases in enrollment, pursuant to section 13, subdivision 11 of this article.

Sec. 5. Minnesota Statutes 1978, Section 124.11, is amended by adding a subdivision to read:

Subd. 2b. Post-secondary vocational supply aid, support services aid and equipment aid shall be paid to districts in equal installments on or before August 1, December 1, March 1, and June 1 of each year. Additional post-secondary vocational supply aid, support services aid, and equipment aid may be distributed on or before March 1 and June 1 of each year if it is apportioned at a consolidated public hearing held before February 15 of that year in the manner specified in section 124.561, subdivision 3a.

Sec. 6. Minnesota Statutes 1978, Section 124.561, Subdivision 2, is amended to read:

~~Subd. 2. [CURRENT AID.] Beginning July 1, 1975, the state board for vocational education shall not enter into agreements to pay reimbursements but shall be obligated for reimbursement payments incurred in fiscal year 1975. Beginning July 1, 1976, All post-secondary vocational foundation aid and post-secondary vocational categorical, capital expenditure and debt service aid aids shall be paid for the current fiscal year in accordance with sections 124.561 to 124.565.~~

Sec. 7. Minnesota Statutes 1978, Section 124.561, is amended by adding a subdivision to read:

Subd. 2a. Before January 1, 1980 and January 1 of each year thereafter, each post-secondary vocational technical school shall submit to the state board for vocational education budgets for supplies, support services, and capital expenditures for the following fiscal year as prescribed in sections 14, 15 and 16 of this article. The state board for vocational education shall authorize the allocations of post-secondary vocational supply aid, support services aid, and capital expenditure aid for each district prior to June 1 of each year after a consolidated public hearing held pursuant to subdivision 3a. No district shall increase its operating deficit for post-secondary vocational education during any fiscal year. The state board for vocational education shall promulgate rules which establish the criteria for allocations of post-secondary vocational supply aid, support services aid, and capital expenditure aid. By October 15, 1979, the commissioner, in cooperation with the department of finance, shall establish standards by which post-secondary vocational-technical schools shall submit separate financial requests for post-secondary vocational supply aid, support services aid, and capital expenditure aid.

Sec. 8. Minnesota Statutes 1978, Section 124.561, Subdivision 3a, is amended to read:

Subd. 3a. [HEARING.] The consolidated public hearing held by the state board pursuant to ~~subdivision~~ *subdivisions 2a and 3* shall take place with at least six board members present and shall continue until all interested persons, representatives, and organizations have had an opportunity to be heard. *In 1980 and each year thereafter the state board shall authorize the allocations of post-secondary vocational supply aid, support services aid and capital expenditure aid for the following fiscal year at this hearing.* Notice of intention to hold the hearing shall be given at least 20 days prior to the date set for the hearing by United States mail to each district submitting a post-secondary vocational school budget, to other interested persons, representatives, and organizations who register their names with the commissioner of education for that purpose, and in the state register. The department of education shall make available at least one free copy of the proposed disposition of budgets or allocations of aids to the education committees of the legislature and to any person requesting it. Unless the commissioner determines that the use of an audio magnetic recording device is more appropriate, a court reporter shall keep a record at every hearing. A transcript of the hearing record shall be made available upon the request of any person, provided that the request is in writing and the cost of preparing the transcript is borne by the requesting person. After allowing written material to be submitted and added to the hearing record for five days after the public hearing ends, the commissioner of education shall proceed as promptly as possible to write a report containing the *final* proposed final disposition of budgets or allocations of aids. This report shall contain findings and conclusions based on substantial evidence from the hearing record to support the *final* proposed final disposition or allocations. The report shall be available to all affected school districts upon request for at least 15 days before the state board takes final action ~~on disposing of~~ the budgets or allocating aids. Any district which is adversely affected by the *final* proposed final disposition of budgets or allocations of aids may demand and shall be given an opportunity to be heard in support of modification of the proposed disposition or allocations of aids at the meeting at which the state board takes final action ~~on disposing of~~ the budgets or allocating aids; provided, the state board may place reasonable restrictions on the length of time allowed for testimony.

Sec. 9. Minnesota Statutes 1978, Section 124.562, Subdivision 1, is amended to read:

124.562 [POST-SECONDARY VOCATIONAL FOUNDATION AID.] Subdivision 1. A district shall receive post-secondary vocational foundation aid in the amount of ~~\$2,120~~ \$2,400 for fiscal year ~~1978~~ 1980 and ~~\$2,240~~ for fiscal year ~~1979~~, times the number of post-secondary vocational-technical pupils in average daily membership, as defined in subdivision 2, less the sum of (1) any amounts received as tuition and fees for post-secondary vocational-technical pupils, including application fees but not including student activity fees allowed pursuant to section 121.216, and (2) the amount raised by the discretionary levy allowed by section

275.125, subdivision 13, as compiled in *Minnesota Statutes 1978*, for collection in the calendar year ending in that fiscal year.

Sec. 10. *Minnesota Statutes 1978*, Section 124.562, Subdivision 2, is amended to read:

Subd. 2. Membership for pupils in post-secondary vocational-technical schools shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day ~~the~~ a pupil completes his program and permanently leaves the school, or the date it is officially known that he has left or has been legally excused for a pupil who permanently leaves the school after the fifteenth school day of a quarter without completing his program, the day he is scheduled to complete his program, the day when the school fills the vacancy created by his leaving, or the last day of the quarter during which he permanently leaves the school, whichever occurs first; provided that any pupil, regardless of age, who has been absent from school without a legally justifiable excuse for 15 consecutive school days shall be dropped from the roll and classified as ~~withdrawn~~ deemed to have permanently left the school; provided further that a pupil who permanently leaves the school on or before the fifteenth school day of a quarter shall be deemed not to have entered the school during that quarter. No pupil who is counted in average daily membership pursuant to this section shall be counted in average daily membership in any district pursuant to section 124.17, subdivision 2, unless he is eligible to earn foundation aid pursuant to section 120.80 or is attending a post-secondary vocational-technical school course on a part time basis in addition to spending six hours per day in a secondary program. Average daily membership for pupils who are enrolled in post-secondary vocational-technical schools, but not including adult vocational pupils, shall equal (a) the sum for all pupils of the number of days of the school year each pupil is enrolled in a post-secondary vocational-technical school in the district, counted from the date of entry until the date of withdrawal as defined in this subdivision, times the number of hours per day each student is enrolled divided by six (b) divided by 175; provided. The number of hours which are counted for average daily membership for any pupil in any one program shall in no event not exceed the number of hours approved by the state board for completion of the program, except that the commissioner may grant a district permission to count additional hours for membership, not to exceed ten percent of the approved number of hours for the program, if additional hours are necessary for a pupil who is identified by the district as disadvantaged or handicapped to complete the program. For a post-secondary vocational-technical school, the normal school year shall be at least the number of session days required by section 124.19, subdivision 1. In all post-secondary vocational-technical schools, the minimum length of the school day for each pupil, exclusive of the noon intermission, shall be six hours. Exceptions may be made by the local school administration for approved post-secondary vocational-technical programs provided on a part time or extended day basis to meet individual student the needs of individual students or classes; provided, these exceptions are authorized only for programs originally

provided on a full time basis.

Sec. 11. Minnesota Statutes 1978, Section 124.562, Subdivision 3, is amended to read:

Subd. 3. All funds, whether state, federal, or from other sources, which may be made available to the department of education for carrying out the purposes of post-secondary vocational-technical education shall be apportioned by the state board for vocational education to the various school districts in accordance with law and shall be distributed by the state aids, statistics and research section of the state department of education. ~~All post-secondary vocational foundation and categorical aids shall be paid to the school district where the pupil is in attendance. State board approval shall not be required for the adjustment of average daily membership or for the adjustment of the annual student count, pursuant to section 124.11, subdivision 2 and to section 4 of this article.~~

Sec. 12. Minnesota Statutes 1978, Section 124.562, Subdivision 4, is amended to read:

Subd. 4. Each district providing post-secondary vocational-technical education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these post-secondary vocational-technical education programs. ~~All post-secondary vocational foundation and categorical aids and~~ , all funds received pursuant to the levy authorized by section 275.125, subdivision 13, ~~and all tuition authorized by section 124.565~~ shall be utilized solely for the purposes of post-secondary vocational-technical education programs.

Sec. 13. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5621] [POST-SECONDARY VOCATIONAL INSTRUCTIONAL AID.] *Subdivision 1. [DEFINITIONS.] For the purposes of this section the words, terms and phrases defined in subdivisions 2 to 11 have the meanings ascribed to them.*

Subd. 2. "Post-secondary vocational instructional aid" means state funds exclusive of post-secondary vocational capital expenditure aid, supply aid, support services aid and debt service aid paid by the state board for vocational education to local school districts for instructional programs. Post-secondary vocational instructional aid shall be utilized solely for the purposes of post-secondary vocational education and shall not be utilized for equipment or other capital expenditures.

Subd. 3. "AVTI" means a post-secondary area vocational-technical institute.

Subd. 4. "Base year" means the second school year prior to the school year for which aid is paid.

Subd. 5. "Instructional program" means a post-secondary vocational-technical occupational program as classified with a six-digit

number by the federal office of education, excluding special needs programs and related instruction.

Subd. 6. "Instructional program cost" means the actual expenditures in the base year for an instructional program at an AVTI. These actual expenditures shall be computed as follows:

- (1) instructional salaries; plus
- (2) instructional employee fringe benefits, excluding teachers' retirement and teachers' social security; plus
- (3) expenditures for instructional staff travel for instructional and professional development purposes; plus
- (4) expenditures for purchased services for instructional purposes; plus
- (5) expenditures for student activities; plus
- (6) other instructional expenditures detailed according to the uniform financial accounting and reporting system, not including any expenditures for supplies and equipment; minus
- (7) other instructional revenues detailed according to the uniform financial accounting and reporting system, including student activity fees but not including any revenues from the sale of supplies and equipment.

These actual expenditures shall not include any expenditures or revenues which are included in the AVTI's budgets for post-secondary vocational supply aid, support services aid or capital expenditure aid.

Subd. 7. "AVTI average instructional program cost" means the instructional program cost of each instructional program at an AVTI divided by the number of full time equivalent licensed instructors teaching that program during the base year at that AVTI.

Subd. 8. "Statewide average instructional program cost" means the total statewide of the AVTI average instructional program cost for an instructional program divided by the number of AVTI's offering that instructional program in the base year.

Subd. 9. "Instructional program allowance" means the total for an AVTI of: (1) the statewide average instructional program cost for each instructional program which is offered at that AVTI, multiplied by (2) the number of full time equivalent instructors teaching that program in the base year at that AVTI.

Subd. 10. "AVTI staff compensation weighting" means the ratio of:

- (1) The sum of salaries and fringe benefits, excluding teachers' retirement and teachers' social security, for all full time equivalent licensed instructional staff at a particular AVTI for the three school years prior to the school year for which aid is paid, divided

by the sum of the number of full time equivalent licensed instructional staff at that AVTI for those three years, divided by

(2) The sum of salaries and fringe benefits, excluding teachers' retirement and teachers' social security, for all full time equivalent licensed instructional staff for all AVTI's statewide for the three prior years divided by the sum of the number of full time equivalent licensed instructional staff for all AVTI's statewide for those three years.

Subd. 11. (1) "Student growth or decline factor" for the 1980-1981 school year means the following ratio, adjusted according to clause (4):

(a) The current year's average daily membership as defined in section 124.562, subdivision 2 for a particular AVTI, divided by:

(b) The second prior year's average daily membership for that AVTI.

(2) Beginning in the 1979-1980 school year, each AVTI shall take a count of all full-time equivalent students in attendance on the fifteenth day of each quarter that full-time post-secondary vocational programs are offered by that AVTI. These quarterly counts shall be totaled to produce an annual student count.

(3) Beginning in the 1981-1982 school year, "student growth or decline factor" means the following ratio, adjusted according to clause (4).

(a) The current year's annual student count for a particular AVTI, divided by

(b) The annual student count for the second prior year for that AVTI.

(4) If the ratio in (1) or (3) is greater than .95 but less than 1.05, the ratio shall equal 1.0. If the ratio is .95 or less, the ratio shall be adjusted by adding .05. If the ratio is 1.05 or greater, the ratio shall be adjusted by subtracting .05.

Subd. 12. [INSTRUCTIONAL AID FORMULA.] In the 1981 fiscal year and each fiscal year thereafter, each district which operates an AVTI shall receive post-secondary vocational instructional aid computed according to the following formula:

(a) The instructional program allowance for that AVTI in the base year, multiplied by

(b) The AVTI staff compensation weighting for that AVTI, multiplied by

(c) 117 percent, multiplied by

(d) The student growth or decline factor for that AVTI.

Sec. 14. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5622] [POST-SECONDARY VOCATIONAL SUPPLY AID.] Subdivision 1. [DEFINITIONS.] For the purposes of this

section the words, terms and phrases defined in subdivisions 2 and 3 have the meanings ascribed to them.

Subd. 2. "AVTI" means a post-secondary area vocational-technical institute.

Subd. 3. "Post-secondary vocational supply aid" means state funds, exclusive of post-secondary vocational capital expenditure aid, instructional aid, support services aid and debt service aid, apportioned by the state board for vocational education to local districts for the costs of rents and leases, supplies and materials, and supplies for resale, for all instructional programs and support services including related instruction and special needs programs. Post-secondary vocational supply aid shall be utilized solely for the purposes of post-secondary vocational education and shall not be utilized for equipment or other capital expenditures.

Subd. 4. [BUDGETS; SUPPLY AID ALLOCATION.] Each AVTI shall submit a budget before January 1, 1980 and before January 1 of each year thereafter detailing estimated costs for the following fiscal year for each of the following expenditure categories: rents and leases, supplies and materials, and supplies for resale, for all instructional programs and support services including related instruction and special needs programs. Each budget shall also include anticipated revenues from the sales of supplies and services. A budget submitted pursuant to this section shall not include any expenditures or revenues which are included in the computation of the AVTI's budgets for post-secondary vocational support services aid or capital expenditure aid. The department of education shall recommend an allocation of supply aid for each of the expenditure categories and a total allocation of supply aid for each AVTI, after a review of each AVTI budget. The state board shall review the recommendations of the department for the distribution of supply aid, authorize an allocation of supply aid for each AVTI, and detail recommended levels of spending for each expenditure category through the consolidated public hearing process prescribed in section 124.561, subdivision 3a.

Subd. 5. [REPORT.] Before August 1, 1980, and before August 1 of each subsequent year, the commissioner shall issue a report on the supply aid allocation to each AVTI. This report shall include recommended aid allocations for each expenditure category and an explanation comparing the amount of the authorized aid allocation to the budget submitted for each AVTI. This report shall be transmitted to the education committees of the legislature and to the directors of the AVTI's.

Sec. 15. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5623] [POST-SECONDARY VOCATIONAL SUPPORT SERVICES AID.] *Subdivision 1. [DEFINITIONS.] For the purposes of this section the words, terms and phrases defined in subdivisions 2 and 3 have the meanings ascribed to them.*

Subd. 2. "AVTI" means a post-secondary area vocational-technical institute.

Subd. 3. "Post-secondary vocational support service aid" means state and federal funds, exclusive of post-secondary vocational capital expenditure aid, supply aid, instructional aid and debt service aid, apportioned by the state board for vocational education to local school districts for the costs of support services, including related instruction and special needs programs, enumerated in subdivision 4. Post-secondary vocational support services aid shall be utilized solely for the purposes of post-secondary vocational education and shall not be utilized for equipment or other capital expenditures.

Subd. 4. [BUDGETS; SUPPORT SERVICES AID ALLOCATION.] Each AVTI shall submit a budget before January 1, 1980, and before January 1 of each year thereafter detailing the estimated costs for the following fiscal year for all support services, including related instruction and special needs programs. These costs shall include: expenditures for support services personnel salaries, travel and fringe benefits, excluding teachers' retirement and teachers' social security; expenditures for other purchased services; and other support service expenditures. Each budget shall also include all other anticipated support service revenues. A budget submitted pursuant to this section shall not include any expenditures for or revenue from the sale of supplies and equipment. A budget submitted pursuant to this section shall not include any expenditures or revenues which are included in the computation of an AVTI's instructional program cost or in the AVTI's budgets for post-secondary vocational supply aid or capital expenditure aid. The department of education shall recommend an allocation of support services aid for each of the expenditure categories and a total allocation of support services aid for each AVTI, after a review of each AVTI budget. The state board shall review the recommendations of the department, authorize an allocation of support services aid for each AVTI, and detail recommended levels of spending for each expenditure category, through the consolidated public hearing process prescribed in section 124.561, subdivision 3a. No aid shall be allocated for any special vocational systemwide support service project or program, excluding regional special needs programs. The estimated amount of each AVTI's net positive unappropriated general fund balance, as of June 30 of the fiscal year during which allocations are made, which exceeds 15 percent of the AVTI's operating expenditures, as defined by the uniform financial accounting and reporting system, for the fiscal year during which allocations are made, shall be taken into account by the state board in making these allocations.

Subd. 5. [REPORT.] Before August 1, 1980 and before August 1 of each subsequent year, the commissioner shall issue a report on the support services aid allocation to each AVTI. This report shall include the recommended aid allocation for each support services expenditure category and an explanation comparing the amount of the authorized aid allocation to the budget submitted for each AVTI. The fund balances used by the state board in determining the support services aid allocations shall be included. This report shall be transmitted to the education committees of the legislature and to the directors of the AVTI's.

Sec. 16. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5624] POST-SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID.] *Subdivision 1. [DEFINITIONS.] For the purposes of this section, the words, terms and phrases defined in subdivisions 2 and 3 have the meanings ascribed to them.*

Subd. 2. "AVTI" means a post-secondary area vocational-technical institute.

Subd. 3. "Post-secondary vocational capital expenditure aid" means state funds, exclusive of post-secondary vocational instructional aid, supply aid, support services aid and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of improving or repairing school sites or equipping, re-equipping, repairing or improving buildings and permanent attached fixtures, as necessary for the conduct of post-secondary vocational-technical training. Post-secondary vocational capital expenditure aid shall be utilized solely for the purposes enumerated in this section.

Subd. 4. [BUDGETS; CAPITAL EXPENDITURE AID ALLOCATION.] Each AVTI shall submit a budget before January 1, 1980, and before January 1, of each year thereafter detailing estimated costs for the following fiscal year for equipment and other capital expenditures for all instructional programs and support services, including special needs programs and related instruction. Each budget shall also include anticipated revenues from the sale of equipment and other capital goods. A budget submitted pursuant to this section shall not include any revenues or expenditures which are included in the computation of an AVTI's instructional program cost or in the AVTI's budgets for post-secondary vocational support services aid or supply aid. The department of education shall recommend an allocation of capital expenditure aid for each of the expenditure categories and a total allocation of capital expenditure aid for each AVTI, after a review of each AVTI budget. The state board shall review the recommendations of the department, authorize an allocation of capital expenditure aid for each AVTI, and detail recommended levels of spending for each expenditure category, through the consolidated public hearing process prescribed in section 124.561, subdivision 3a. The amount of each AVTI's estimated net positive unappropriated capital expenditure fund balance, as of June 30 of the fiscal year during which allocations are made, shall be taken into account by the state board in making these allocations.

Subd. 5. All capital expenditures for AVTI's in excess of \$4,000 shall receive prior approval by the commissioner. This approval shall be sought and given separately from the budget hearing and aid allocation process.

Subd. 6. [REPORT.] Before August 1, 1980 and before August 1 of each subsequent year, the commissioner shall issue a report on the capital expenditure aid allocation to each AVTI. This report shall include recommended aid allocations for each capital

expenditure category and an explanation comparing the amount of the authorized capital expenditure aid allocation to the budget submitted for each AVTI. The fund balances used by the state board in determining the capital expenditure aid allocation shall be included.

Before August 1, 1980 and before August 1 of each subsequent year the commissioner shall also report on the equipment inventory of each AVTI, including original cost, amortization schedule and current value.

These reports shall be transmitted to the education committees of the legislature and to the directors of the AVTI's.

Sec. 17. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.5625] [POST-SECONDARY AND ADULT VOCATIONAL CONTINGENCY FUND.] *There is established a post-secondary and adult vocational contingency fund. This fund shall be used for the start-up costs of post-secondary vocational programs, including job training programs provided at the request of industry. This fund shall also be used for short term training of employees at the request of business and industry, when that training is specialized and not available from any other source. The commissioner shall establish rules for the administration of this fund. The rules shall conform, where applicable, to the rules and procedures for the approval of new post-secondary and adult vocational programs.*

Sec. 18. Minnesota Statutes 1978, Section 124.563, Subdivision 1, is amended to read:

124.563 [POST-SECONDARY VOCATIONAL CATEGORICAL AND CAPITAL EXPENDITURE AID.] Subdivision 1. "Post-secondary vocational categorical aid" means all state and federal funds, exclusive of post-secondary vocational foundation, capital expenditure and debt service aid, apportioned by the state board for vocational education to local school districts for the purpose of assisting in the conduct of post-secondary vocational-technical training. This aid shall be given to districts conducting high cost programs which require funds in addition to the post-secondary vocational foundation aid-provided, including vocational education programs for handicapped or disadvantaged persons and support services necessary to provide vocational education in the least restrictive setting possible. Post-secondary vocational categorical aid shall not be allocated by the state board or expended by a district for any of the purposes for which post-secondary vocational capital expenditure aid is allocated or expended. *In allocating post-secondary vocational categorical aid for fiscal year 1980, the state board shall take into account the amount of each district's estimated net positive unappropriated balance as of June 30, 1979, in its post-secondary vocational-technical general fund which exceeds 15 percent of the district's post-secondary vocational-technical operational budget for fiscal year 1979.*

Sec. 19. Minnesota Statutes 1978, Section 124.565, Subdivision 1, is amended to read:

124.565 [POST-SECONDARY VOCATIONAL EDUCATION TUITION.] Subdivision 1. Any Minnesota resident who is under 24 years of age may attend a post-secondary vocational-technical school, provided that the individual meets the entrance requirements for the training course in which enrollment is sought and the school has the room and the facility to receive him.

Sec. 20. Minnesota Statutes 1978, Section 124.565, Subdivision 3, is amended to read:

Subd. 3. Tuition at a post-secondary vocational-technical school for a Minnesota resident pupil shall be two dollars \$128 per day quarter for each school day quarter the pupil is enrolled; except that there shall be no charge for tuition for a person who, prior to July 1, 1978, entered active military service in a branch of the armed forces of the United States and who, under the laws in effect at the time of his induction into the armed forces, would be eligible to attend a post-secondary vocational-technical school without payment of tuition. A full refund shall be provided to a student who withdraws on or before the 15th day of the quarter. No refund shall be provided for withdrawal after the 15th day of the quarter.

Sec. 21. Minnesota Statutes 1978, Section 124.565, Subdivision 4, is amended to read:

Subd. 4. Unless covered by a higher education reciprocity agreement relating to nonresident tuition, entered into by the Minnesota higher education coordinating board and approved by the state board for vocational education, tuition at a post-secondary vocational-technical school for a pupil who is not a resident of Minnesota shall be five dollars \$320 per day quarter for each school day quarter the pupil is enrolled. A full refund shall be provided to a student who withdraws on or before the 15th day of the quarter. No refund shall be provided for withdrawal after the 15th day of the quarter.

Sec. 22. Minnesota Statutes 1978, Section 124.565, is amended by adding a subdivision to read:

Subd. 6. For purposes of the tuition charges established in this section, a quarter shall consist of 60 school days. The state board for vocational education shall adopt rules providing for proportionate tuition charges for quarters which are shorter or longer than 60 days and for pupils who enroll on a part time or extended day basis. The state board shall adopt rules providing for tuition charges based on approved program lengths for programs offered on an individualized basis.

Sec. 23. Minnesota Statutes 1978, Section 124.566, is amended to read:

124.566 [USE OF POST-SECONDARY VOCATIONAL AID APPROPRIATIONS.] Notwithstanding the provisions of section 16.16 or 16A.57 or any other law to the contrary, the state board for vocational education may expend amounts appropriated by the legislature for post-secondary vocational categorical aid to pay post-secondary vocational foundation aid in any year when for the 1979-1980 school year if the appropriation for post-secondary vocational foundation aid is insufficient because of an increase in average daily membership. The state board may expend amounts appropriated by the legislature for post-secondary vocational support services aid to pay post-secondary vocational instructional aid in the 1980-1981 school year if the appropriation for post-secondary vocational instructional aid is insufficient because of an increase in average daily membership, or in the 1981-1982 school year, and each year thereafter, when the appropriation for post-secondary vocational instructional aid is insufficient because of an increase in the annual student count. Beginning in the 1980-1981 school year, the state board may expend amounts appropriated by the legislature for post-secondary vocational instructional aid to pay post-secondary vocational support services aid in any year when the state board determines that the appropriation for instructional aid is excessive. On the date of any expenditure pursuant to this section, the state board shall report the expenditure to the appropriate committees of the legislature.

Sec. 24. Minnesota Statutes 1978, Section 124.572, Subdivision 1, is amended to read:

124.572 [CURRENT FUNDING FOR ADULT VOCATIONAL EDUCATION.] Subdivision 1. ~~The purpose of this section is to change the method of funding adult vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1977, The state shall not reimburse expenditures from the 1976-1977 school year programs, but shall pay adult vocational aids for the 1977-1978 school year programs and for each year thereafter on a current funding basis.~~

Sec. 25. Minnesota Statutes 1978, Section 124.572, Subdivision 2, is amended to read:

Subd. 2. ~~In the 1977-1978 school year and thereafter,~~ The state shall pay to any district or cooperative vocational center 75 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's adult vocational education programs. In addition, the state shall pay 50 percent of the costs of necessary travel between instructional sites by adult vocational education teachers. The commissioner may withhold all or any portion of this aid for an adult vocational education program which receives funds from any other source, and in no event shall a district or center receive a total amount of state aid for salaries and travel pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Sec. 26. Minnesota Statutes 1978, Section 124.572, Subdivision 3, is amended to read:

Subd. 3. This aid shall be paid only for services rendered or for travel costs incurred in adult vocational education programs approved by the state department of education and operated in accordance with rules promulgated by the state board; ~~provided, in 1977-1978 the department may pay this aid for programs operated in accordance with the state plan for vocational education and current state board rules. By 1978-1979, These rules shall provide minimum student-staff ratios required for an adult vocational education program to qualify for this aid. By 1978-1979, Rules relating to adult vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference.~~

Sec. 27. Minnesota Statutes 1978, Section 124.573, Subdivision 1, is amended to read:

124.573 [CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION.] Subdivision 1. ~~The purpose of this section is to change the method of funding secondary vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1978, The state shall not reimburse expenditures from the 1977-1978 school year programs, but shall pay aids for the 1978-1979 school year programs and for each year thereafter secondary vocational programs on a current funding basis.~~

Sec. 28. Minnesota Statutes 1978, Section 124.574, Subdivision 2, is amended to read:

Subd. 2. In the ~~1978-1979~~ 1979-1980 school year and thereafter, the state shall pay to any district or cooperative center the greater of:

~~(a) 50~~ 70 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children; or

~~(b) 60~~ percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children, but not to exceed \$12,000 for the normal school year for each such full time person employed, or a pro rata amount for a part time person or a person employed for a limited time; plus an additional five percent of the salaries paid such essential licensed personnel.

Sec. 29. [REPEALER.] *Subdivision 1. Minnesota Statutes 1978, Section 275.125, Subdivision 13 is repealed.*

Subd. 2. Minnesota Statutes 1978, Sections 124.11, Subdivision 2; 124.561, Subdivision 3; and 124.563, are repealed effective July 1, 1980.

Subd. 3. Minnesota Statutes 1978, Section 124.562, Subdivision 1, is repealed effective January 1, 1981.

Subd. 4. Minnesota Statutes 1978, Section 124.562, Subdivision 2 is repealed effective January 1, 1982.

Sec. 30. [DEFICIENCY APPROPRIATION.] *The sum of \$1,700,000 is appropriated from the general fund to the department of education for the fiscal year ending June 30, 1979 for the payment of a deficiency in funds available for aid for secondary vocational education pursuant to section 124.573.*

Sec. 31. [APPROPRIATION FOR CONTINGENCY FUND.] *There is appropriated from the general fund in the state treasury to the department of education the sum of \$500,000, or so much of that amount as is necessary, for the purpose of the contingency fund established in section 17 of this article, for the biennium ending June 30, 1981. Of that amount, \$100,000 is immediately available for expenditure; when that amount is spent, and each time an additional amount is spent, the commissioner of education shall report on those expenditures to the legislative advisory commission and the governor. The governor, after consultation with the legislative advisory commission in the manner provided in section 3.30, may make additional amounts, up to \$100,000 at a time, available for expenditure as needed until the total appropriation has been spent.*

Sec. 32. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [POST-SECONDARY VOCATIONAL FOUNDATION AID.] *For post-secondary vocational foundation aid pursuant to section 124.562, there is appropriated:*

\$61,735,300 1980.

Subd. 3. [POST-SECONDARY VOCATIONAL CATEGORICAL AID.] *For post-secondary vocational categorical aid pursuant to section 124.563, subdivision 1, there is appropriated:*

\$4,500,000 1980.

This appropriation is based on the assumption that the state will spend for post-secondary vocational categorical aid an amount equal to \$6,254,900 in fiscal year 1980 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The amount appropriated in this subdivision shall not be used for any special vocational systemwide support service program or project.

Subd. 4. [POST-SECONDARY VOCATIONAL INSTRUCTIONAL AID.] *For post-secondary vocational instructional aid, there is appropriated:*

\$45,000,000.....1981.

The amount appropriated in this subdivision shall not be used for any special vocational systemwide support service program or project.

Subd. 5. [POST-SECONDARY VOCATIONAL SUPPLY AID.] *For post-secondary vocational supply aid there is appropriated:*

\$10,600,400.....1981.

Subd. 6. [POST-SECONDARY VOCATIONAL SUPPORT SERVICES AID.] *For post-secondary vocational support service aid there is appropriated:*

\$18,706,800.....1981.

This appropriation is based on the assumption that the state will spend for post-secondary vocational support services aid an amount equal to \$6,886,400 in fiscal year 1981 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

Subd. 7. [POST-SECONDARY VOCATIONAL CAPITAL EXPENDITURE AID.] *For post-secondary vocational capital expenditure aid there is appropriated:*

\$9,000,000.....1980,

\$9,000,000.....1981.

Subd. 8. [POST-SECONDARY VOCATIONAL DEBT SERVICE AID.] *For post-secondary vocational debt service aid there is appropriated:*

\$7,733,800.....1980,

\$7,737,600.....1981.

Subd. 9. [ADULT VOCATIONAL EDUCATION AID.] *For adult vocational education aid, there is appropriated:*

\$6,441,740.....1980,

\$6,837,360.....1981.

The appropriation for 1980 includes \$600,630 for fiscal year 1979 payable in fiscal year 1980 of which not to exceed \$17,050 is for necessary travel. This amount also includes \$5,841,110 for fiscal year 1980 payable in fiscal year 1980 of which not to exceed \$198,900 is for necessary travel.

The appropriation for 1981 includes \$649,010 for aid for fiscal year 1980 payable in fiscal year 1981 of which not to exceed \$22,100 is for necessary travel. This amount also includes \$6,188,-

350 for aid for fiscal year 1981 payable in fiscal year 1981 of which not to exceed \$218,700 is for necessary travel.

None of the amounts appropriated in this subdivision shall be used for any special vocational systemwide support service program or project.

Subd. 10. [ADULT SMALL BUSINESS MANAGEMENT PROGRAMS; ADDITIONAL LOCATIONS.] For adult vocational education programs in small business management in locations where these programs are not currently being offered or planned there is appropriated:

\$100,000.....1980,
\$180,000.....1981.

This aid shall be paid in accordance with section 124.572.

Subd. 11. [VETERAN FARMER COOPERATIVE TRAINING PROGRAMS.] For veteran farmer cooperative training programs, there is appropriated:

\$1,050,000.....1980,
\$975,000.....1981.

Subd. 12. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid pursuant to section 124.573 there is appropriated:

\$21,134,700.....1980,
\$22,738,100.....1981.

The appropriation for 1980 includes \$1,800,000 for fiscal year 1979 payable in fiscal year 1980 of which not to exceed \$126,000 is for equipment. This amount also includes \$19,334,700 for fiscal year 1980 payable in fiscal year 1980 of which not to exceed \$1,527,690 is for equipment.

The appropriation for 1981 includes \$2,148,300 for fiscal year 1980 payable in fiscal year 1981 of which not to exceed \$169,740 is for equipment. This amount also includes \$20,589,800 for fiscal year 1981 payable in fiscal year 1981 of which not to exceed \$1,634,630 is for equipment.

None of the amounts appropriated in this subdivision shall be used for any special vocational systemwide support service program or project.

Subd. 13. [AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN.] For secondary vocational programs for handicapped children pursuant to section 124.574, subdivision 2 there is appropriated:

\$2,009,300.....1980,
\$2,248,200.....1981.

The appropriation for 1980 includes \$160,000 for fiscal year 1979 payable in fiscal year 1980. This amount also includes \$1,849,300

for fiscal year 1980 payable in fiscal year 1980. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$280,000 in fiscal year 1980 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriation for 1981 includes \$205,480 for fiscal year 1980 payable in fiscal year 1981. This amount also includes \$2,042,720 for fiscal year 1981 payable in fiscal year 1981. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$300,000 in fiscal year 1981 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

Subd. 14. Any unexpended balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amounts attributable to either year for any purposes indicated is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 33. [EFFECTIVE DATES.] Sections 2, 18, 22 and 30 of this article shall be effective the day following final enactment. Sections 4, 5 and 12 of this article shall be effective July 1, 1980.

ARTICLE VI

OTHER AIDS AND LEVIES;

MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 1978, Section 16.93, is amended to read:

16.93 [COMPUTERIZATION BY SCHOOL DISTRICTS.] *Subdivision 1. [DELEGATION OF POWERS AND DUTIES TO THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM.] The state board of education and the department of education may delegate any of their powers and duties pursuant to subdivision 3 of this section to the Minnesota educational computing consortium.*

Subd. 2. [SCHOOL DISTRICTS' PLANS AND BUDGETS.] A school district may expend funds for computerization of administrative, instructional, or other activities only after filing annually with the state department of education a plan and budget covering such activities and only upon approval thereof by the state department. Criteria to be used by the department in making its determinations must include, but are not limited to, the state plan as prepared by the commissioner of administration; policies and programs of the intergovernmental information systems advisory council and cost effectiveness considerations of the department. All resulting decisions of the department are to be reported promptly to the commissioner of administration and the intergov-

~~ornmental council~~ a regional management information center of which the district is a member submits and obtains approval of an annual plan and budget on behalf of its member districts as provided in subdivision 3. Every school district shall become a member of a regional management information center. Every district shall in a timely manner supply to the regional management information center of which it is a member the information required by the annual data acquisition calendar and the rules of the state board of education and the information specified in the data element dictionary.

Subd. 3. [REGIONAL PLANS AND BUDGETS.] Any group of two or more school districts may with the approval of the state board of education create a regional management information center pursuant to section 471.59 to provide computer services to the member districts. No regional management information center may expend funds for computer activities unless it files an annual plan and budget for its activities with the department of education and receives approval of the plan and budget from the department of education. Criteria for approving the creation of a regional management information center and the plan and budget of a regional management information center shall include: the provisions of the state computing plan adopted by the state board of education; the cost effectiveness of the center and its plan and budget; the effect on existing regional management information centers; the ability of the center in a timely manner to provide information required by the annual data acquisition calendar or by the rules of the state board of education on computer tape which is machine readable using the software designed by the department of education; the ability of the center within 15 calendar days to respond to requests for information based on the data elements in the data element dictionary on computer tape which is machine readable using the software designed by the department of education; and the ability of the center to operate the uniform financial management accounting system using multidimensional accounts and records, as required by the uniform financial accounting and reporting standards for Minnesota school districts adopted by the state board pursuant to sections 121.90 to 121.92. Every regional center shall make available to its member districts the opportunity to participate fully in the comprehensive financial reporting, personnel payroll reporting and student reporting information system developed by the Minnesota educational computing consortium. A regional management information center which is not in existence on the effective date of this section shall not come into existence until the first July 1 of an odd-numbered year after its creation is approved pursuant to this subdivision or until it can be accommodated by state appropriations, whichever occurs first.

Subd. 4. [REGIONAL SUBSIDIES.] In any year when a regional management information center's plan and budget are approved pursuant to subdivision 3, the center shall receive a regional reporting subsidy grant from the department of education. The grant shall be in an amount determined in accordance

with the formula filed by the department of education with the committees on education and finance of the senate and the committees on education and appropriations of the house of representatives.

Subd. 5. [STATE BOARD OF EDUCATION DUTIES.] The state board of education shall adopt rules prescribing the criteria for approval of regional plans and budgets and of the creation of regions, and specifying the criteria and the process for determining which data and data elements are included in the data element dictionary and the data acquisition calendar developed pursuant to subdivisions 6 and 7. To the extent permitted by available resources, the commissioner of administration may furnish staff and other assistance to the department of education and the Minnesota educational computing consortium in conjunction with its their performance of the duties imposed by this section.

Subd. 6. [DATA ELEMENT DICTIONARY.] By January 1, 1980, the department of education shall develop a data element dictionary defining all data elements included in the financial reporting, personnel payroll and student reporting information system of the department of education. Except as provided in subdivision 5, the development and modification of the data element dictionary shall be exempt from the rule-making procedures specified in chapter 15.

Subd. 7. [DATA ACQUISITION CALENDAR.] By January 1, 1980, the department of education shall develop an annual data acquisition calendar specifying the reports which school districts are required to submit to the department of education and the dates when these reports are due. Except as provided in subdivision 5, the development and modification of the annual data acquisition calendar shall be exempt from the rule-making procedures specified in chapter 15.

Sec. 2. Minnesota Statutes 1978, Section 120.075, is amended to read:

120.075 [ATTENDANCE; PREVIOUS ENROLLMENT; FAMILIES.] *Subdivision 1. Any pupil who, pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, was enrolled on January 1, 1978, in a school district of which he was not a resident may continue in enrollment in that district.*

Subd. 2. Any child who was under school age on January 1, 1978, but who otherwise would have qualified pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, for enrollment in a school district of which he was not a resident may enroll in that district.

Subd. 3. Any pupil enrolled on January 1, 1978, in a non-public school, as defined in section 123.932, subdivision 3, located in a district of which he was not a resident who would otherwise have qualified for enrollment in that district as a resident pursuant to

subdivision 1 may attend the public schools of that district as a resident.

Subd. 4. Subdivisions 1, 2 and 3 shall also apply to any brother or sister of that enrolled a qualified pupil who is related to that pupil by blood, adoption or marriage and to any foster child of that pupil's parents. The enrollment of that any pupil or of the other qualified members of his family pursuant to this section shall remain subject to the provisions of those sections Minnesota Statutes 1976, Section 120.065 and Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, as they read on January 1, 1978. Any district which had a pupil enrolled on January 1, 1978, pursuant to the provisions of Minnesota Statutes 1976, Section 120.065, or Minnesota Statutes, 1977 Supplement, Section 123.39, Subdivision 5a, shall report this fact to the commissioner prior to August 15, 1978.

Sec. 3. Minnesota Statutes 1978, Section 121.49, is amended to read:

121.49 [ITEMIZATION OF AMOUNT OF AID TO DISTRICTS.] *Subdivision 1.* The department of education shall itemize for each school district in the state the total amount of money and the amount of money per pupil unit which accrues to the district for each fiscal year from each type of state and federal aid, refund, payment, credit, disbursement or monetary obligation of any kind, including but not limited to each special state aid, emergency aid, payments in lieu of taxes, and pension and retirement obligations for the benefit of personnel of the district. State agencies which have information necessary for the itemization required by this section shall provide the information to the department of education. The completed itemizations shall be made available reported to the appropriate standing committees of the legislature in convenient reference form not later than December 1 following the year for which they are made.

Subd. 2. If the report required for the 1979-1980 school year and each year thereafter is not received by the appropriate standing committees of the legislature by June 30 in the fiscal year following the fiscal year for which the report is made, the commissioner of education and the department of education shall not be authorized to expend any funds for any purpose, other than the distribution of aids to school districts, until the report is received.

Sec. 4. Minnesota Statutes 1978, Chapter 121, is amended by adding a section to read:

[121.495.] [BASIC SKILLS PROGRAM.] *Subdivision 1.* [PURPOSE.] *The legislature finds that (1) all children have the right to achieve their full educational potential, and (2) children from all socio-economic backgrounds deserve the opportunity to receive instruction in the basic skills of listening, speaking, reading, writing and computation in order to be able to function politically, economically and socially in a democratic society. Therefore, the purpose of this section is to establish a program providing leadership, technical assistance, and training in basic skills instruction on a regional basis to school districts and nonpublic schools.*

Subd. 2. [DEFINITION.] For purposes of this section, "basic skills" means the abilities to listen, speak, read, write and compute.

Subd. 3. [PARTICIPATION.] Any district or nonpublic school may participate in the state basic skills program if its governing board adopts a resolution affirming basic skills as a priority, designating a local basic skills director, allowing the designated local basic skills director to attend a program of training in the development and maintenance of a high quality basic skills program, and agreeing to develop a comprehensive basic skills program in accordance with this training. If more districts or nonpublic schools apply than can be served in a particular year, the commissioner shall select participating districts and nonpublic schools. A school district or nonpublic school which participates in the state basic skills program may establish a basic skills advisory committee to assist it in establishing and maintaining a basic skills program. A school district may designate the curriculum advisory committee established pursuant to section 123.741, subdivision 3, as the basic skills advisory committee.

Subd. 4. [REGIONAL DIRECTORS.] The commissioner shall establish a basic skills section in the department which shall employ a state basic skills director and regional basic skills directors assigned to serve the various educational cooperative service units or portions of those units. The basic skills section shall provide technical assistance to those school districts and nonpublic schools which choose to participate in the state basic skills program. The regional directors, in cooperation with the educational cooperative service units, shall provide training to each local basic skills director in the development and maintenance of high quality basic skills programs according to predetermined criteria of excellence. This technical assistance and training shall cover at least the following: assessment of local basic skills programs, planning a comprehensive basic skills program, alternative methods of implementing a local basic skills program, inservice training of staff in basic skills instruction, assessment of the basic skills needs of pupils, selection of instructional materials, and evaluation of pupils' progress in acquiring basic skills. The department shall reimburse local basic skills directors for any expenses incurred for travel, lodging and meals in order to participate in basic skills training and shall reimburse school districts for 50 percent of any wages paid to substitute teachers employed to replace local basic skills directors while they attend basic skills training.

Subd. 5. [IN-SERVICE TRAINING.] Each participating district or nonpublic school shall provide a minimum of 20 hours of in-service training in the instructional process for the basic skills to all teachers who volunteer to participate in the training.

Subd. 6. [REPORT.] Before January 15, 1981 the commissioner of education shall make a report to the education committees of the legislature describing and evaluating the state basic skills program.

Sec. 5. Minnesota Statutes 1978, Section 121.917, is amended by adding a subdivision to read:

Subd. 4. (1) If the net negative unappropriated fund balance in all the funds of a school district, other than statutory operating debt pursuant to section 121.914, capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated in accordance with the uniform financial accounting and reporting system for Minnesota school districts, as of June 30, 1980, and each year thereafter, is more than two and one-half percent of the year's expenditure amount, the district shall, prior to September 15, submit a special operating plan to reduce the district's deficit expenditures to the commissioner of education for his approval.

Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved by the commissioner shall not receive any aid pursuant to chapter 124 until a special operating plan of the district is so approved.

(2) A district shall receive aids pending the approval of its special operating plan under clause (1). A district which complies with its approved operating plan shall receive aids as long as the district continues to comply with the approved operating plan.

Sec. 6. Minnesota Statutes 1978, Section 121.92, Subdivision 2, is amended to read:

Subd. 2. After July 1, 1980, participation in a computer based financial management accounting and reporting system shall be mandatory. The form of this participation shall be appealable to the commissioner determined as provided in section 16.93.

Sec. 7. Minnesota Statutes 1978, Section 122.85, Subdivision 1, as amended by Laws 1979, Chapter 10, Section 1, is amended to read:

122.85 [EXPERIMENTAL PAIRING.] Subdivision 1. Notwithstanding the provisions of sections 122.41 and 122.43, the board of any school district paired with another in this section upon approval by the school boards of both of the paired districts may enter into an agreement providing for the discontinuance by one district of any of grades kindergarten through 12 or portions of those grades and the instruction in the other district of the pupils in the discontinued grades or portions of grades. This provision shall apply on an experimental basis to the following pairs of school districts: Independent School Districts No. 209 and No. 265, No. 217 and No. 220, No. 243 and No. 245, No. 328 and No. 516, No. 413 and No. 415, No. 421 and No. 426, No. 440 and No. 444, No. 649 and No. 650, No. 654 and No. 655, No. 782 and No. 783, and No. 893 and No. 896. These experimental pairing agreements shall not extend beyond June 30, 1984. *Notwithstanding subdivision 4, Independent School Districts No. 413 and No. 415 may negotiate plans pursuant to subdivision 3 until August 31, 1979. This section shall be effective with respect to Independent School Districts No. 413 and No. 415 upon its approval by the school boards of both of the paired districts.*

Sec. 8. Minnesota Statutes 1978, Section 123.34, Subdivision 8, is amended to read:

Subd. 8. The clerk shall keep a record of all meetings of the district and the board in books provided by the district for that purpose. He shall, within three days after an election notify all persons elected of their election. On or before August 15 of each year he shall file with the board a report of the revenues, expenditures and balances in each fund for the preceding fiscal year. The report together with vouchers and supporting documents shall subsequently be examined by a public accountant or the state auditor, either of whom shall be paid by the school district, as provided in section 121.908, subdivision 3. The board shall by resolution approve the report or require a further or amended report. On or before August 15 of each year, he shall make and transmit to the commissioner certified reports, showing:

- (1) The condition and value of school property;
- (2) The revenues and expenditures in detail, and such other financial information required by law, rule, or as may be called for by the commissioner;
- (3) The length of school term and the enrollment and attendance by grades; and
- (4) Such other items of information as may be called for by the commissioner.

He shall enter in his record book copies of all his reports and of the teachers' term reports, as they appear in the registers, and of the proceedings of any meeting as furnished him by the clerk pro tem, and keep an itemized account of all the expenses of the district. He shall furnish to the auditor of the proper county, on or before October 10 of each year, an attested copy of his record, showing the amount of money voted by the district or the board for school purposes; draw and sign all orders upon the treasurer for the payment of money for bills allowed by the board for salaries of officers and for teachers' wages and all claims, to be countersigned by the chairman. Such orders shall state the consideration, payee, and the fund and the clerk shall take a receipt therefor. Teachers' wages shall have preference in the order in which they become due, and no money applicable for teachers' wages shall be used for any other purpose, nor shall teachers' wages be paid from any fund except that raised or apportioned for that purpose.

Sec. 9. Minnesota Statutes 1978, Section 123.35, is amended by adding a subdivision to read:

Subd. 15. When payment of a claim cannot be deferred until the next board meeting without loss to the district of a discount privilege, the claim may be paid prior to board approval, providing that the board:

- (a) *Has delegated authority to the clerk or a designated business administrator to make a payment prior to board approval and*
- (b) *Requires that payment made prior to board approval be acted upon at the next board meeting. Payment prior to board*

approval shall not affect the right of the district or a taxpayer to challenge the validity of a claim.

Sec. 10. Minnesota Statutes 1978, Section 123.58, Subdivision 6, is amended to read:

Subd. 6. [DUTIES AND POWERS OF ECSU BOARD OF DIRECTORS.] The board of directors shall have authority to maintain and operate an ECSU. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit within 90 days after the filing of the initial petition with the state board of education and by June 1 of each year thereafter to the state board of education and to each participating school district an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the educational needs of the ECSU. *In formulating the plan the board is encouraged to consider: (1) the number of dropouts of school age in the ECSU area and the reasons for the dropouts; (2) existing programs within participating districts for dropouts and potential dropouts; (3) existing programs of the ECSU for dropouts and potential dropouts and (4) program needs of dropouts and potential dropouts in the area served by the ECSU.*

(b) The ECSU board of directors may provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise, subject to the review of the state board of education as to the adequacy of the facilities proposed.

(c) The ECSU board of directors may employ a central administrative staff and other personnel as necessary to provide and support the agreed upon programs and services. The board may discharge staff and personnel pursuant to provisions of law applicable to independent school districts. ECSU staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The ECSU board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents and lay persons.

(e) The ECSU board of directors may employ service area personnel pursuant to licensure standards developed by the state board of education and the board of teaching.

(f) The ECSU board of directors may enter into contracts with school boards of local districts including school districts outside the ECSU area.

(g) The ECSU board of directors may enter into contracts with other public and private agencies and institutions which may include, but are not limited to, contracts with Minnesota institutions of higher education to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The ECSU board of directors shall exercise all powers and carry out all duties delegated to it by participating local school districts under provisions of the ECSU bylaws. The ECSU board of directors shall be governed, when not otherwise provided, by the provisions of law applicable to independent school districts of the state.

(i) The ECSU board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the school districts within the ECSU and the state board of education by September 1 of each year following the school year in which the program and services were provided.

(j) The ECSU board is encouraged to establish cooperative, working relationships with post-secondary educational institutions in the state.

Sec. 11. Minnesota Statutes 1978, Section 123.58, is amended by adding a subdivision to read:

Subd. 8a. Insofar as possible, educational cooperative service units shall make technical assistance for long-range planning available to school districts upon request and shall establish a common data base for local and regional decision making.

Sec. 12. Minnesota Statutes 1978, Section 123.702, Subdivision 1, is amended to read:

123.702 [SCHOOL BOARD RESPONSIBILITIES.] Subdivision 1. Every school board shall provide for a voluntary health and developmental screening program for children once before entering kindergarten; ~~provided, this section shall not be construed to require school boards to screen children who enter kindergarten during fiscal year 1978.~~ 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 and family education programs, or by other existing programs. No school board may make this screening examination a mandatory prerequisite to enroll a student. ~~In fiscal years 1978 and 1979, The screening programs shall include at least the following components to the extent the schoolboard determines they are financially feasible: developmental assessments, hearing and vision screening, dental assessments, and the review of health history and immunization status. In fiscal year 1979, the screening programs shall include at least the following additional components to the extent the school board determines they are financially feasible: , laboratory tests and nutritional and physical assessments.~~ All screening components shall be consistent with the standards of the state commissioner of health for early and periodic screening programs. No child shall be required to submit to any component of this screening program to be eligible for any other component. *No 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 the results of any laboratory test, health history or*

physical examination within the 12 months preceding a scheduled screening clinic.

Sec. 13. Minnesota Statutes 1978, Section 123.702, is amended by adding a subdivision to read:

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. 14. Minnesota Statutes 1978, Section 123.703, Subdivision 1, is amended to read:

123.703 [STATE BOARD OF EDUCATION AND STATE COMMISSIONER OF HEALTH; RESPONSIBILITIES.] Subdivision 1. School boards shall administer the screening programs pursuant to rules adopted by the state board of education. ~~In order to implement the programs for the 1977-1978 school year, the state board shall, no later than August 15, 1977, adopt emergency rules in accordance with section 15.0412, subdivision 5. Prior to the adoption of the rules and emergency rules, the state board shall solicit information or opinions pursuant to section 15.0412, subdivision 6. The notice of proposed rule making shall be published in the state register no later than August 1, 1977, and Copies of the proposed rules and emergency rules shall be sent to the state commissioner of health and each school board in the state on or before the date of publication. The state board of education shall consider the standards employed by the state commissioner of health for early and periodic screening programs in drafting the proposed rules. The rules adopted by the state board of education and the commissioner of health to govern the screening program shall unconditionally permit registered nurses to perform those components of the screening program that can be performed by a nurse.~~

Sec. 15. Minnesota Statutes 1978, Section 123.703, Subdivision 3, is amended to read:

Subd. 3. The state board of education, in cooperation with the state commissioner of health, shall report to the legislature by February 1, ~~1979~~ 1980, on the results of the screening programs in accomplishing the purposes specified in section 123.701. *The report shall include information on the rates of children's participation in screening programs, on districts' costs for implementing the various components of the screening program, and on any exemptions granted from screening requirements because of financial infeasibility.*

Sec. 16. Minnesota Statutes 1978, Section 123.705, is amended to read:

123.705 [STATE AID.] The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed \$13 \$25 per child screened in fiscal year ~~1978~~ 1980 and \$23

\$27 per child screened in fiscal year ~~1979~~ 1981. Any district may request and receive an advance payment equal to 50 percent of its estimated payment for screening eligible children.

Sec. 17. Minnesota Statutes 1978, Section 123.741, Subdivision 1, is amended to read:

123.741 [EDUCATIONAL POLICY; CURRICULUM ADVISORY COMMITTEES.] Subdivision 1. The school board of each school district in the state shall develop and adopt a written educational policy which establishes educational goals for the district, a process for achieving these goals, and procedures for evaluating and reporting progress toward the goals. The school board shall review this policy each year and adopt revisions which it deems desirable. School boards are encouraged to develop this school district policy and any revisions after consultation with the staff of each school building. *In formulating the policy, the school board of a district is encouraged to consider: (a) the number of dropouts of school age in the district and the reasons for the dropouts; (b) existing programs within the district for dropouts and potential dropouts and (c) program needs of dropouts and potential dropouts.*

Sec. 18. Minnesota Statutes 1978, Section 123.937, is amended to read:

123.937 [APPROPRIATION.] There is appropriated annually to the department of education from the general fund of the state treasury the sum of ~~\$2,479,200~~ \$3,250,000 for the purposes of sections 123.931 to 123.937. *If this amount is not sufficient to make the payments required pursuant to sections 123.931 to 123.937, the amount necessary to make these payments is appropriated from the general fund to the department of education.*

Sec. 19. Minnesota Statutes 1978, Section 124.14, is amended to read:

124.14 [DISTRIBUTION OF SCHOOL AIDS; APPROPRIATION.] Subdivision 1. The state board shall supervise distribution of the school aids in accordance with law. It may make rules and regulations consistent with law for such distribution which will enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for such reports and accounts to it as will assure accurate and lawful apportionment of aids.

Subd. 2. If the commissioner determines that the amount of state aid distributed to a school district is in error, he is authorized to adjust the amount of aid consistent with this subdivision. If the commissioner determines that the amount of aid is in excess of the school district's entitlement, he is authorized to recover the amount of the excess by any appropriate means, including the reduction of future aid payments to the school district. Notwithstanding any law to the contrary, if the aid reduced is not of the same type as that overpaid, the school district shall adjust all necessary financial accounts to properly reflect all revenues

earned in accordance with the uniform financial accounting and reporting standards pursuant to sections 121.90 to 121.92. If the commissioner determines that the amount of an aid paid is less than the school district's entitlement, he is authorized to increase such aid from the current appropriation.

Subd. 3. ~~The~~ The commissioner shall require that the membership and pupil unit count of a minimum of 25 school districts be audited each fiscal year. The audits shall be conducted at random throughout the state with no prior notice to any district. At the time of each audit, the auditors shall also examine the appropriate factors that related to the determination of the authorized transportation costs and aids for that district. In districts where a post-secondary vocational-technical school is located, the audit shall include an audit of the membership of that school. Disparities between membership and pupil unit counts or transportation data reported by the school districts and those found by the auditors shall be reported to the commissioner who shall order an increase or reduction of foundation or transportation aids accordingly.

Subd. 4. A reduction of foundation ~~or transportation~~ aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district are open to inspection by the state auditor, or the state board.

Subd. ~~2~~ 5. There is annually appropriated from the general fund to the department of education the ~~amounts~~ amount necessary for foundation aid ~~and transportation aid~~. ~~These amounts~~ This amount shall be reduced by the amount of any funds specifically appropriated for the same purpose in any year from any state fund.

Sec. 20. Minnesota Statutes 1978, Section 124.245, Subdivision 1, is amended to read:

124.245 [CAPITAL EXPENDITURE EQUALIZATION AID.] Subdivision 1. The state shall pay a school district the difference by which an amount equal to ~~\$75~~ \$80 per pupil unit in that school year or, in districts where the pupil unit count is increased pursuant to actual number of pupil units identified in section 124.17, subdivision 1, ~~clause (7)~~ clauses (1) and (2), ~~\$80~~ has increased from the prior year, \$85 per pupil unit in that school year, exceeds the amount raised by 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. In order to qualify for aid pursuant to this section in any year, a district must have levied the full 10 EARC mills for use for capital expenditures in that year pursuant to ~~sections 124.04 or section 275.125, subdivision 11a.~~

Sec. 21. Minnesota Statutes 1978, Chapter 124, is amended by adding a section to read:

[124.247] [PROGRAM FOR THE GIFTED AND TALENTED.] Subdivision 1. [CITATION.] This section may be cited as the "Education for the Gifted and Talented Act."

Subd. 2. [AUTHORIZATION.] There is hereby established a program of state aid for gifted and talented students.

Subd. 3. [AID.] A district which establishes a program for gifted and talented students shall receive for the purpose of this program an amount equal to \$30 times the number of gifted and talented students in the district. No more than two and one-half percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the funds received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

Subd. 4. [ACCOUNTS.] A district which receives funds under this section shall maintain a separate account for the receipt and disbursement of funds allocated to the district for the purpose of this section, and the funds shall be spent only for the purpose of the program for gifted and talented students.

Subd. 5. [REPORT.] The department of education shall submit a report to the 1981 legislature evaluating the effectiveness of the education for the gifted and talented act.

Sec. 22. Minnesota Statutes 1978, Section 124.646, Subdivision 1, is amended to read:

124.646 [SCHOOL LUNCH AID.] Subdivision 1. (a) For the 1979-1980 school year, school districts shall be paid by the state in the amount of four and nine-tenths cents for each full paid student type "A" lunch served to students in the district. (b) For the 1980-1981 school year, school districts shall be paid by the state in the amount of five and three-tenths cents for each full paid student type "A" lunch served to students in the district.

Sec. 23. Minnesota Statutes 1978, Section 275.125, Subdivision 11a, is amended to read:

Subd. 11a. (a) A school district may levy an amount not to exceed the amount equal to \$75 \$80 per pupil unit or, in districts where the pupil unit count is increased pursuant to actual number of pupil units identified in section 124.17, subdivision 1, ~~clause (7)~~ clauses (1) and (2), \$80 has increased from the prior year, \$85 per pupil unit. For purposes of computing allowable levies under section 275.125, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), and (5), ~~(6)~~ and ~~(7)~~. No levy under this subdivision shall exceed 10 mills times the adjusted assessed valuation of the taxable property in the district for the preceding year, notwithstanding the provisions of sections 272.64 and 275.49.

(b) The proceeds of the tax may be used only to acquire land, to equip and reequip buildings and permanent attached fixtures, and to pay leasing fees for computer systems hardware, computer terminals and related proprietary software, and to pay leasing fees for photocopy machines and telecommunications equipment, and related proprietary software. The proceeds of the tax may also be

used for capital improvement and repair of school sites, buildings and permanent attached fixtures, energy assessments as required pursuant to section 116H.126, and for the payment of any special assessments levied against the property of the district authorized pursuant to section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, including but not limited to those described in section 429.101, whether levied pursuant to that section or pursuant to any other law or home rule provision. The proceeds of the tax may also be used for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped individuals.

(c) Subject to the commissioner's approval, the tax proceeds may also be used to rent or lease buildings for school purposes and to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the renting or leasing of buildings for school purposes and the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal with respect to the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(d) The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

(e) The proceeds of the tax shall not be used for custodial or other maintenance services.

Sec. 24. Minnesota Statutes 1978, Section 465.72, is amended to read:

465.72 [SEVERANCE PAY.] Except as may otherwise be provided in Laws 1959, Chapter 690, as amended, all counties, cities, townships and school districts are hereby authorized and empowered to pay severance pay to all of its employees and to establish, prescribe and promulgate provisions, rules and regulations for the payment of such severance pay upon leaving employment prior to the normal retirement date. Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits, and shall be paid *in a manner mutually agreeable to the employee and employer* over a period not to exceed five years from termination of employment. In the event that a terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. In no event shall severance pay provided for an employee *except a teacher as defined in section 179.63, subdivision 13*, leaving employment exceed an amount equivalent to 100 days pay. *Severance pay for a teacher as defined in section 179.63, subdivision 13, shall not exceed an amount equivalent to one year of pay.*

Sec. 25. Minnesota Statutes 1978, Section 471.38, is amended by adding a subdivision to read:

Subd. 3. [ELECTRONIC FUNDS TRANSFER.] Electronic funds transfer is the process of value exchange via mechanical means without the use of checks, drafts or similar negotiable instruments. A school district may make an electronic funds transfer for a claim for a payment from an imprest payroll bank account or investment of excess money and for payment of bond principal, bond interest and a fiscal agent service charge from the debt redemption fund. This authorization extends only to a school district which has enacted all of the following policy controls:

(a) The school board shall annually delegate the authority to make electronic funds transfers to a designated business administrator;

(b) The dispersing bank shall keep on file a certified copy of the delegation of authority;

(c) The initiator of the electronic transfer shall be identified;

(d) The initiator shall document the request and obtain an approval from the designated business administrator before initiating the transfer;

(e) A written confirmation of the transaction shall be made no later than one business day after the transaction and shall be used in lieu of a check, order check or warrant required to support the transaction;

(f) A list of all transactions made by electronic funds transfer shall be submitted to the school board at its next regular meeting after the transaction.

Sec. 26. Minnesota Statutes 1978, Section 471.61, Subdivision 1b, is amended to read:

Subd. 1b. [SELF INSURANCE; SCHOOL DISTRICTS.] Any school district which has entered into a self insurance plan or program prior to March 31, 1978 may elect to continue to provide the benefits authorized by subdivision 1, excluding life and long term disability insurance benefits, through a self insurance plan or program. Any plan or program of self insurance, adopted by a school district, shall provide for the purchase of excess of loss coverage from an insurance company, as defined in section 60A.02, subdivision 4, or a service plan corporation, as defined in section 62C.02, subdivision 6, covering any claims or losses incurred during the period covered by the self insurance plan aggregating in excess of \$500,000, or a lesser amount at the district's option.

This subdivision shall not operate to invalidate any contract providing self insured employee life and long term disability insurance benefits, if the school district entered into the contract prior to March 31, 1978.

This subdivision shall not authorize any school district to pro-

vide the benefits authorized by subdivision 1 through a self insurance plan or program after July 1, 1980 1981.

Sec. 27. Subdivision 1. Notwithstanding Minnesota Statutes, Section 475.61, Subdivision 4, the board of Independent School District No. 706, Virginia, may transfer the surplus amount remaining in the district's debt service fund after all outstanding obligations and interest thereon are paid, but not to exceed \$290,000, from the debt service fund to the district's capital expenditure fund, for the purpose of paying for improvements to the district's sites and buildings for fuel and energy conservation.

Subd. 2. Notwithstanding Minnesota Statutes, Section 475.61, Subdivision 4, the amount of the surplus remaining in the district's debt service fund after all outstanding obligations and interest thereon are paid which is transferred to the district's capital expenditure fund pursuant to subdivision 1 shall not be used to reduce the maintenance levy authorized pursuant to Minnesota Statutes, Section 275.125, Subdivision 2a.

Subd. 3. The authority to transfer funds which is given by subdivision 1 shall expire when Independent School District No. 706 has transferred \$290,000 from its debt service fund to its capital expenditure fund for the purpose provided in subdivision 1.

Subd. 4. This section shall be effective upon its approval by the board of Independent School District No. 706 and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 28. [GRANTS FOR COOPERATIVE AGREEMENTS BETWEEN SECONDARY SCHOOLS.] For the 1979-1980 and 1980-1981 school year, the department of education may make grants to school districts for the study, evaluation and start-up costs involved in developing an agreement pursuant to any law which permits the discontinuance in a district of grades or a portion of grades and which affects any of grades 7 through 12.

Sec. 29. [INDEPENDENT SCHOOL DISTRICTS NOS. 836 AND 840; TRANSFER OF PROPERTY.] Subdivision 1. All the land located within the Southwest one-quarter (SW-¼) of Section nineteen (19), Township one hundred-five (105), Range thirty-two (32), is detached from Independent School District No. 836 (Butterfield-Odin) and is annexed to Independent School District No. 840 (St. James). The property transferred by this subdivision shall not be taxable on or after the effective date of the transfer for the payment of any bonded indebtedness, debt service, or capital loan incurred prior to the transfer by Independent School District No. 836, but shall be taxable for the payment of all bonded indebtedness, debt service, and capital loans incurred by Independent School District No. 840 prior to or after the transfer.

Subd. 2. All the land located within the Southwest one-quarter (SW-¼) of Section eighteen (18), Township one hundred-five (105), Range thirty-two (32), is detached from Independent School District No. 840 (St. James) and annexed to Independent

School District No. 836 (Butterfield-Odin). The property transferred by this subdivision shall not be taxable on or after the effective date of the transfer for the payment of any bonded indebtedness, debt service or capital loan incurred prior to the transfer by Independent School District No. 840, but shall be taxable for payment of all bonded indebtedness, debt service, and capital loans incurred by Independent School District No. 836 prior to or after the transfer.

Subd. 3. [EFFECTIVE DATE.] This section shall be effective upon its approval by resolutions adopted by a majority of all members of the school board of Independent School District No. 836 and by a majority of all members of the school board of Independent School District No. 840, and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 30. [INDEPENDENT SCHOOL DISTRICT NO. 279; BOND ISSUE.] Subdivision 1. Independent School District No. 279, Hennepin County, Minnesota, whose principal office is in the city of Osseo, in issuing the bonds authorized by the voters of the district on April 3, 1979, may establish a serial maturity schedule for the bonds which, individually or in combination with the maturities of any other designated issue or issues, will conform to the provisions of Minnesota Statutes, Section 475.54, Subdivision 1, without retiring outstanding state loans to the district, and without conforming to the provisions of subdivision 2 of said section relating to school districts having outstanding state loans.

Subd. 2. [EFFECTIVE DATE.] This section shall be effective upon its approval by the school board of Independent School District No. 279 and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 31. The amount of any advance made to a school district pursuant to Minnesota Statutes 1978, Section 124.241, before the effective date of this section and still outstanding on June 30, 1979, shall be subtracted from the district's October final adjustment payment of foundation aid for the 1978-1979 school year to the extent that it is less than or equal to that payment. Any remaining amount of any advance made under section 124.241 shall be remitted by the district to the department of education on or before December 31, 1979 and shall be deposited in the state treasury.

Sec. 32. The state board of education may adopt temporary rules as provided in section 15.0412, subdivision 5, pursuant to section 1 of this article.

Sec. 33. The governor shall, using the procedures of Minnesota Statutes, Section 3.30, retain a consultant to evaluate the development of the regional management information system by the Minnesota educational computing consortium for the regional management information centers. The evaluation shall consider the efficiency and the cost effectiveness to the state, school districts and any other governmental computer consortia of: the use of centralized systems in comparison to less centralized systems; the assignment of districts to regional management information centers; and

the hardware procurement decisions of regional management information centers. The consultant shall report on the evaluation by January 15, 1980, to the education and appropriations committees of the house of representatives and the education and finance committees of the senate. The sum of \$100,000 is appropriated from the general fund to the general contingent account for purposes of this section. This amount shall be available until April 1, 1980.

Sec. 34. [REPEALER.] *Minnesota Statutes 1978, Sections 124.241; 126.16; and 126.18, are repealed.*

Sec. 35. [APPROPRIATION.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30, in the years designated.*

Subd. 2. [BASIC SKILLS PROGRAM.] *For the basic skills program pursuant to section 4 of this article, there is appropriated:*

\$650,000 1980,
\$700,000 1981.

The department of education may add 12 professional employees and four clerical employees to its approved complement for the purpose of the basic skills program.

Subd. 3. [HEALTH AND DEVELOPMENTAL SCREENING PROGRAMS.] *For health and developmental screening programs pursuant to sections 123.701 to 123.705 there is appropriated:*

\$1,375,000 1980,
\$1,485,000 1981.

Subd. 4. [ABATEMENT AID.] *For abatement aid pursuant to section 124.214, subdivision 2, there is appropriated:*

\$3,562,500 1980,
\$3,750,000 1981.

Subd. 5. [EMERGENCY AID.] *For emergency aid pursuant to section 124.24, there is appropriated:*

\$300,000 1980.

Any unexpended balance remaining from the appropriation in this subdivision shall not cancel but shall be available for the second year of the biennium.

Subd. 6. [CAPITAL EXPENDITURE EQUALIZATION AID.] *For capital expenditure equalization aid pursuant to section 124.245, there is appropriated:*

\$194,900 1980,
\$167,000 1981.

Subd. 7. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] *For educational cooperative service units, there is appropriated:*

\$ 975,000.....1980,
\$1,012,450.....1981.

(a) Funds from this appropriation shall be transmitted to ECSU boards of directors for general operations in the amount of \$48,636 per ECSU as defined in section 123.58 in fiscal year 1980 and \$52,040 per ECSU in fiscal year 1981; provided however that the ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight shall receive \$97,272 in fiscal year 1980 and \$104,080 in fiscal year 1981 for general operations.

(b) Each year, funds from this appropriation shall be transmitted to ECSU boards of directors for technical assistance for long-range planning and data base development pursuant to section 11 of this article and technical assistance for program planning and evaluation pursuant to section 123.742, in the amount of \$40,000 per ECSU; provided however that the ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight shall receive \$80,000 each year for these purposes.

Subd. 8. [SCHOOL LUNCH AID.] For school lunch aid pursuant to section 124.646 there is appropriated:

\$3,415,000.....1980,
\$3,667,800.....1981.

Any unexpended balance from the appropriations in this subdivision may be expended, in addition to the amounts appropriated in subdivision 9, for food storage and transportation costs for U.S.D.A. donated commodities.

Subd. 9. [FOOD STORAGE AND TRANSPORTATION.] For food storage and transportation costs for U.S.D.A. donated commodities there is appropriated:

\$578,800.....1980,
\$665,000.....1981.

Subd. 10. [GIFTED AND TALENTED STUDENTS.] For programs for the gifted and talented pursuant to section 21 of this article there is appropriated:

\$600,000.....1980,
\$600,000.....1981.

Subd. 11. [INDIAN EDUCATION.] For certain Indian education programs there is appropriated:

\$398,000.....1980.

This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission in the manner provided in section 3.30. This appropriation is available July 1, 1979, but only if there will not be available for the districts enumerated in this subdivision for the 1979-

1980 school year any operational support funds from the federal bureau of Indian affairs pursuant to the Johnson-O'Malley Act, P.L. 73-167 or 25 CFR 273.31, or equivalent money from the same or another source. This appropriation shall be distributed as follows: \$125,000 to Independent School District No. 309 - Pine Point school; \$22,000 to Independent School District No. 166; \$34,000 to Independent School District No. 432; \$32,000 to Independent School District No. 435; \$96,000 to Independent School District No. 707; and \$89,000 to Independent School District No. 38. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements.

Subd. 12. [GRANTS FOR COOPERATIVE AGREEMENTS BETWEEN SECONDARY SCHOOLS.] For grants for cooperative agreements between secondary schools pursuant to section 28 of this article there is appropriated:

\$50,000 1980,
\$87,000 1981.

Subd. 13. Except as provided in subdivisions 5 and 8, any unexpended balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 36. [EFFECTIVE DATES.] Sections 31, 33 and 34 of this article shall be effective the day following final enactment. Section 20 of this article shall be effective July 1, 1980.

ARTICLE VII

COUNCIL ON QUALITY EDUCATION

EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS

Section 1. Minnesota Statutes 1978, Section 3.924, Subdivision 1, is amended to read:

3.924 [ESTABLISHMENT.] Subdivision 1. [MEMBERSHIP, TERMS.] There is hereby created a council on quality education consisting of 17 19 persons. The members of such council shall be appointed as follows:

- (1) One member shall be appointed by the Minnesota education association;
- (2) One member shall be appointed by the Minnesota federation of teachers;

(3) One member shall be appointed by the Minnesota school board association;

(4) One member shall be appointed by the Minnesota state advisory council for vocational education;

(5) *One member shall be appointed by the Minnesota state advisory council for special education;*

~~(5)~~ (6) One member shall be appointed by the state university board;

~~(6)~~ (7) One member shall be appointed by the state board for community colleges;

~~(7)~~ (8) One member shall be appointed by the regents of the University of Minnesota;

~~(8)~~ (9) One member shall be appointed by the private college council;

~~(9)~~ (10) One member from each congressional district and ~~one member~~ *two members* at large, shall be appointed by the governor with the advice and consent of the senate, none of whom shall be officers, employees or board members of state educational institutions, departments, agencies or boards.

Sec. 2. Minnesota Statutes 1978, Section 3.925, is amended to read:

3.925 [PURPOSE.] The legislature of the state of Minnesota expresses concern over the future of elementary and secondary education in this state, its ability to meet the educational needs of the public school students, the professional growth and satisfaction of school staffs, the effectiveness and efficiency of present schools and their learning processes, continuing pupil unit cost escalation and the resulting financial crisis which this brings about. New approaches to the learning process, better utilization of professional staff and community resources, different requirements as to course offerings, course content, grading, graduation and school attendance must be researched and developed. It is believed that revised programs, innovations, new attitudes about learning and the public schools' responsibilities can be effectively achieved if such research and development are performed by the council on quality education and at the local school level by the school's staff and with involvement by the students and their community. Although funds spent now for such purposes can produce substantial educational and cost benefits in the future, such capital type funds are seldom available within any single school district's budget.

The purpose of the council on quality education is, therefore, to encourage, promote, aid, and perform research and development for quality education in Minnesota elementary and secondary schools, to evaluate the results of significant innovative programs and to disseminate information about these programs throughout the state.

To these ends, the council through the state board of education shall establish a venture fund from which grants or loans may be made in support of research and development programs relating to the problems and objectives heretofore described which shall include but not be limited to:

- (1) Effective utilization of community personnel and resources.
- (2) Developing model personnel policies and procedures, and new staffing concepts such as differentiated staffing.
- (3) Assessment and evaluation of education programs.
- (4) Developing a management and unit of instructional objectives design which will provide accountability by relating time and dollars to the amount of learning produced.
- (5) Determining responsibilities to be assumed by the schools exclusively or concurrently with other agencies or individuals.
- (6) Effective dissemination of educational information.
- (7) Developing new knowledge about learning and teaching.
- (8) Developing model educational programs as alternatives to existing educational practices and curricula.
- (9) Model programs and innovations to increase equality of educational opportunities.
- (10) Research and testing of new concepts of educational efficiency, effectiveness and cost benefits.
- (11) *Comprehensive interdisciplinary programs in health education and comprehensive programs designed to coordinate and integrate the delivery of pupil support services.*

The council shall not be limited to supporting innovations, programs or procedures supplementary to existing school structures and programs but may assist or research entirely new concepts such as open schools, informal schools and the like. It is the legislature's intent that any supported program shall hold promise of both educational and cost benefits and that the costs and improvements in learning effectiveness introduced thereby shall be measured and related.

The council may also review literature and other information about innovative programs in Minnesota and other states and disseminate the results of this research throughout the state. The council may identify ideas for innovative programs in the course of this research and solicit proposals from school boards for grants for such programs; provided not to exceed ten percent of the funds appropriated to the venture fund in any year may be expended to fund such research and programs.

The council shall make a report by November 15 of each even numbered year to the legislature concerning all research and all proposals received and the dispositions made thereof by the council and the state board of education.

Sec. 3. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9276] [CITATION.] *Sections 3 to 6 of this article may be cited as "The Early Childhood and Family Education Act".*

Sec. 4. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9277] [PURPOSE.] *The purposes of sections 3 to 6 of this article are: (a) to strengthen families, (b) to help parents to provide for their children's learning and development, and (c) to help young children to develop their physical, mental and social potentials.*

Sec. 5. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9278] [DEFINITIONS.] *Subdivision 1. As used in this article, the terms defined in this section have the meanings given them.*

Subd. 2. "Early childhood" means the period of life before kindergarten and before age six.

Subd. 3. "Early childhood and family education programs" may include, but are not limited to, the following:

(a) Educational programs for parents on the physical, mental and emotional development of children and on the development of parenthood skills;

(b) Programs for the parents or guardians of children which are designed to strengthen the family unit and to assist the parents or guardians in providing sound early childhood learning and development;

(c) Libraries of books, toys and other educational materials which may be borrowed for home use;

(d) Activities designed to detect children's physical, mental, emotional or behavioral problems that are causing or might cause learning problems. Should the need for special help be found, the family shall be referred to an appropriate person or agency, but this program shall not pay treatment costs;

(e) Education for parenthood programs in secondary schools to increase the adolescent's awareness of the social, educational and health needs of children and of the role of parents in fostering a child's development;

(f) In-center activities;

(g) Home activity kits; and

(h) Community and resource information and referrals.

Sec. 6. Minnesota Statutes 1978, Chapter 3, is amended by adding a section to read:

[3.9279] [EARLY CHILDHOOD AND FAMILY EDUCATION

PROGRAMS.] *Subdivision 1. [AUTHORIZATION.] The school board of any district, however organized, which receives early childhood and family education moneys from the council on quality education shall provide those services in one elementary school attendance area, or an area within the district, if the council deems the area to be appropriate. The council on quality education shall prescribe the form and manner of application for the programs and shall select the grant recipients. These programs shall be as equally distributed as possible among districts in cities of the first class, in suburbs, and outside the seven county metropolitan area.*

Subd. 2. [PROGRAM ACCOUNTS.] A district providing early childhood and family education programs shall establish and maintain a separate account for the receipt and disbursement of all funds related to the programs.

Subd. 3. [PARTICIPANTS' FEES.] A district may charge reasonable fees for early childhood and family education services; however a district shall waive the charge or fee if any participant is unable to pay it.

Subd. 4. [ADDITIONAL FUNDING.] A school district providing early childhood and family education programs may receive funds for the programs from other governmental agencies and from private sources, including any state or federal funds available for community education or parent education.

Subd. 5. [FEDERAL GRANTS.] Any district which has submitted a proposal to the council on quality education for an early childhood and family education program and has been denied funding for the program is encouraged to apply to the department of education for a grant for the program pursuant to the elementary and secondary education act of 1965, title 4C, as amended.

Subd. 6. [PROGRAM COORDINATION.] A district providing early childhood and family education services is strongly encouraged to coordinate this programming with related services provided in the district by other governmental agencies and may develop cooperative programs with nonprofit agencies. State government agencies shall cooperate with a school district in these coordination efforts. A district which provides early childhood and family education programs but does not coordinate its efforts with those of other governmental agencies shall submit an explanatory report to the commissioner of education within one year after the implementation of its programs and each year thereafter in which such coordination is not established.

Subd. 7. [ADVISORY COUNCILS.] The school board of a district providing early childhood and family education programs shall appoint an advisory council. Council members shall be selected from the school attendance area in which the programs are provided. A majority of the members shall be parents participating in the local program. The local advisory council shall assist the school board in the development, coordination, supervision and review of early childhood and family education services in

the area and shall suggest priorities for child learning and development services in the community. The council shall report to the school board and the district community school advisory council, if that council has been established in the district.

Subd. 8. [ADVISORY TASK FORCE ON EARLY CHILDHOOD AND FAMILY EDUCATION.] *The council on quality education shall appoint an advisory task force on early childhood and family education programs. The advisory task force shall be composed of parents of young children and persons knowledgeable in the fields of health, education and welfare. A majority of the task force shall be parents of young children. The advisory task force shall advise the council in the administration of the early childhood and family education programs. The terms, compensation and removal of members shall be governed by the provisions of section 15.059, subdivision 6. The task force shall expire June 30, 1981.*

Subd. 9. [PERSONNEL.] *A school board may employ and discharge personnel necessary for its early childhood and family education programs. All professional early childhood and family education personnel shall have the qualifications required by the council on quality education and the employing school district.*

Subd. 10. [VOLUNTARY PARTICIPATION.] *Participation by parents and children in early childhood and family education programs shall be voluntary and shall not preclude participation in other state or local programs. No school district shall discriminate in providing early childhood and family education programs on the basis of race, religion, sex or ethnic background, and no programs shall be used in whole or in part for religious worship or instruction.*

Subd. 11. [STATE BOARD OF EDUCATION.] *The state board of education shall:*

(a) Annually review district early childhood and family education programs;

(b) Apply for funds which are, or may become, available under federal programs pertaining to early childhood and family education, including funds for administration, demonstration projects, training, technical assistance, planning, and evaluation;

(c) Encourage cooperation in the delivery of services by districts operating early childhood and family education programs;

(d) Inform the public about early childhood development services;

(e) Provide professional and technical assistance to school districts providing early childhood and family education programs.

Subd. 12. [NEGOTIATED GRANTS.] *For the 1979-1980 and 1980-1981 school years the council on quality education may fund up to 36 early childhood and family education programs according to the negotiated grants procedure in sections 3.924 to 3.927.*

Subd. 13. [SPECIAL CATEGORICAL PROGRAM GRANT.]

For the programs funded pursuant to subdivision 12, there is hereby created a special categorical program grant for those programs serving economically disadvantaged persons. The council on quality education shall apportion the grant money among the eligible programs in proportion to the number of participants in each program from families which receive aid to families with dependent children compared to the number of participants in all the eligible programs from families which receive aid to families with dependent children.

Sec. 7. [REPEALER.] *Minnesota Statutes 1978, Sections 3.9271; 3.9272; 3.9273; 3.9274; and 3.9275 are repealed.*

Sec. 8. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [COUNCIL ON QUALITY EDUCATION; VENTURE FUND GRANTS.] *For the council on quality education venture fund grants pursuant to sections 3.925 and 3.926, there is appropriated:*

\$775,000 1980,
\$775,000 1981.

Subd. 3. [EARLY CHILDHOOD AND FAMILY EDUCATION.] *For early childhood and family education programs pursuant to sections 3 to 6 of this article there is appropriated:*

\$1,650,000 1980.

Of this amount \$196,000 is for the purpose of providing special categorical program grants pursuant to section 6, subdivision 13 of this article.

\$1,767,000 1981.

Of this amount \$214,000 is for the purpose of providing special categorical program grants pursuant to section 6, subdivision 13 of this article.

Subd. 4. *Any unexpended fund balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.*

ARTICLE VIII

TEACHER MOBILITY

Section 1. *Minnesota Statutes 1978, Section 125.60, Subdivision 1, is amended to read:*

125.60 [EXTENDED LEAVES OF ABSENCE.] *Subdivision 1. As used in this section, the term "teachers" shall have the meaning given it in section 125.03, subdivision 1, but shall not include superintendents.*

Sec. 2. Minnesota Statutes 1978, Section 125.60, Subdivision 2, is amended to read:

Subd. 2. The board of any district may grant an extended leave of absence without salary to any full time elementary or, secondary or area vocational-technical school teacher who has been employed by the district for at least five years and has at least ten years of allowable service, as defined in section 354.05, subdivision 13, or the by-laws of the appropriate retirement association or ten years of full time teaching service in Minnesota public elementary, secondary and area vocational-technical schools. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher and may be granted only once.

Sec. 3. Minnesota Statutes 1978, Section 125.60, Subdivision 3, is amended to read:

Subd. 3. *Except as provided in sections 5 and 6 of this article*, a teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to a position for which he is licensed at the beginning of any school year which immediately follows a year of the extended leave of absence, unless he is discharged or placed on unrequested leave of absence or his contract is terminated pursuant to section 125.12 or 125.17 while he 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 his intention to return before February 1 in the school year preceding the school year in which he wishes to return. The board shall notify the commissioner within 30 days of being notified that a teacher intends to return from an extended leave.

Sec. 4. Minnesota Statutes 1978, Section 125.60, Subdivision 4, is amended to read:

Subd. 4. Any teacher who is reinstated to a teaching position after an extended leave of absence pursuant to this section shall retain seniority and continuing contract rights in the employing district as though he had been teaching in the district during the period when he was on the extended leave; *provided, however, this subdivision shall not be construed to require a board to reinstate a teacher to any particular position or to include the years spent on the extended leave of absence in the determination of a teacher's salary upon his return to teaching in this district.*

Sec. 5. Minnesota Statutes 1978, Section 125.60, is amended by adding a subdivision to read:

Subd. 6a. *No school board shall be obligated to reinstate a teacher who takes a full time or part time position as a teacher in another Minnesota school district while he is on an extended leave of absence pursuant to this section. This subdivision shall not apply to a teacher who is employed as a substitute teacher.*

Sec. 6. Minnesota Statutes 1978, Section 125.60, is amended by adding a subdivision to read:

Subd. 6b. A school board shall not be obligated to reinstate a superintendent on an extended leave of absence pursuant to this section to a position in the district.

Sec. 7. Minnesota Statutes 1978, Section 125.61, Subdivision 1, is amended to read:

125.61 [TEACHER EARLY RETIREMENT INCENTIVE PROGRAM.] Subdivision 1. For purposes of this section, "teacher" means a teacher as defined in section 125.03, subdivision 1, who is employed in the public elementary or secondary or area vocational-technical schools in the state, who has not less than 15 total years of full time teaching service in elementary and secondary and area vocational-technical schools, and who has or will have attained the age of 55 years but less than 65 years as of the June 30 in the school year during which an application for an early retirement incentive is made.

Sec. 8. Minnesota Statutes 1978, Section 125.61, Subdivision 2, is amended to read:

Subd. 2. A teacher meeting the requirements of subdivision 1 may be offered a contract for termination of services in the employing school district, withdrawal from active teaching service, and payment of an early retirement incentive by the employing school district. An offer may be accepted by the teacher by submitting a written resignation to the school board of the employing district. Applications shall be submitted prior to March 1, 1978 in the case of a teacher retiring at the end of the 1976-1977 school year, prior to May 1, 1978 in the case of a teacher retiring at the end of the 1977-1978 school year, or, thereafter, prior to May 1 June 30 of the school year at the end of which the teacher wishes to retire.

Sec. 9. Minnesota Statutes 1978, Section 125.61, Subdivision 3, is amended to read:

Subd. 3. An eligible teacher who is or will be 55 years of age as of the end of the school year during which an application for an early retirement incentive is made and accepted shall receive an early retirement incentive in the amount of ~~\$7,500~~ \$10,000. This amount shall be reduced by ~~\$375~~ \$500 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional ~~\$1,125~~ \$1,500 for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the June 30 in the school year during which the application for the early retirement incentive is made.

Sec. 10. Minnesota Statutes 1978, Section 125.61, is amended by adding a subdivision to read:

Subd. 3a. Notwithstanding the provisions of subdivision 3, an

eligible teacher who wishes to retire at the end of the 1978-1979 or 1979-1980 school year, who is employed by a school district which is implementing a desegregation plan ordered by a federal court or approved by the state board, and who is offered and accepts an early retirement incentive contract pursuant to subdivision 2, shall receive an early retirement incentive in the amount of \$15,000. This amount shall be reduced by \$750 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional \$2,250 for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the June 30 in the school year during which the application for the early retirement incentive is made.

Sec. 11. Minnesota Statutes 1978, Section 125.61, Subdivision 4, is amended to read:

Subd. 4. The early retirement incentive shall be paid by the employing school district in four equal successive monthly installments commencing on November 1 of the year of retirement at the time and in the manner mutually agreed upon by a teacher and the board. The state shall reimburse the district for 25 50 percent of any amount or amounts paid out as an early retirement incentive pursuant to this section, according to the provisions of subdivision 6. An early retirement incentive shall not be paid to any teacher who is discharged by a school district.

Sec. 12. Minnesota Statutes 1978, Section 125.61, is amended by adding a subdivision to read:

Subd. 4a. Notwithstanding the provisions of subdivisions 1a and 2, a teacher who has entered into an agreement for termination of services and withdrawal from active teaching service with an early retirement incentive may be employed as a substitute teacher after his retirement.

Sec. 13. Minnesota Statutes 1978, Section 125.61, is amended by adding a subdivision to read:

Subd. 4b. Any amount of unemployment insurance which the teacher receives and for which the district is required to pay into the unemployment compensation fund pursuant to section 268.06, subdivision 25, at any time after the teacher has entered into an agreement pursuant to subdivision 2, may be deducted by the district from the amount of the teacher's early retirement incentive or recovered by the district from the teacher up to the amount of the early retirement incentive. The district shall pay 50 percent of any amount so deducted or recovered to the department of education, and any amount so received by the department shall be deposited in the state treasury.

Sec. 14. Minnesota Statutes 1978, Section 354.094, Subdivision 3, is amended to read:

Subd. 3. A member on extended leave of absence pursuant to section 125.60 who does not pay employee contributions into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and may not

pay employee contributions into the fund in any subsequent year of the leave. Nonpayment of employee contributions into the fund shall not affect the rights or obligations of the teacher or his employing school district under section 125.60.

Sec. 15. Minnesota Statutes 1978, Section 354.094, Subdivision 6, is amended to read:

Subd. 6. A member who pays employee contributions and receives allowable service credit in the fund pursuant to this section may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776. *This subdivision shall not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the fund pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of sections 354.091 and 354.42, a teacher may not pay retirement contributions or receive allowable service credit in the fund for teaching service rendered for any part of any year for which he pays retirement contributions or receives allowable service credit pursuant to this section or section 354A.091 while on an extended leave of absence pursuant to section 125.60.*

Sec. 16. Minnesota Statutes 1978, Section 354.66, Subdivision 2, is amended to read:

Subd. 2. A teacher in the public elementary ~~or~~, secondary or area vocational-technical schools of the state who has 20 years or more of allowable service or 20 years or more of full time teaching service in Minnesota public elementary, secondary and area vocational-technical schools may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part time teaching position.

Sec. 17. Minnesota Statutes 1978, Section 354.66, Subdivision 3, is amended to read:

Subd. 3. For purposes of this section, a part time teaching position shall mean a teaching position within the district in which the teacher is employed for at least 50 full days or a fractional equivalent thereof as prescribed in section 354.091, and for which the teacher is compensated at a rate in an amount not exceeding 60 percent of the compensation established by the board for a full time teacher of identical education and experience within the district.

Sec. 18. Minnesota Statutes 1978, Section 354.66, Subdivision 8, is amended to read:

Subd. 8. No teacher shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4 of this section or section 354A.22, subdivision 4, in more than one district at one time. *No teacher shall qualify for the continuation of contributions and accrual of service credit during part time employment in a district pursuant to this section in any year when he also takes a full time or part time teaching position in another Minnesota school district.*

Sec. 19. Minnesota Statutes 1978, Section 345.66, is amended by adding a subdivision to read:

Subd. 11. Neither subdivision 5 nor subdivision 8 shall be construed to prohibit a teacher who qualifies for the continuation of contributions and accrual of service credit pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of sections 354.091 and 354.42, a teacher may not pay retirement contributions or receive allowable service credit in the fund for other teaching service rendered for any part of any year for which he qualifies for continuation of contributions and accrual of service credit pursuant to this section or section 354A.22.

Sec. 20. Minnesota Statutes 1978, Section 354A.091, Subdivision 1, is amended to read:

354A.091 [TEACHERS ON EXTENDED LEAVE.] Subdivision 1. Notwithstanding any provision of this chapter or the bylaws of an association relating to salary for contribution purposes or accrual of service credit to the contrary, an elementary or secondary or area vocational-technical school teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 125.60 may receive allowable service credit toward annuities and other benefits under this chapter for each year of his leave by paying into the fund employee contributions during the period of the leave which shall not exceed five years. The state shall pay employer contributions into the fund for each year for which a member who is on extended leave pays employee contributions into the fund. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12, for the salary received during the year immediately preceding the leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is received.

Sec. 21. Minnesota Statutes 1978, Section 354A.091, Subdivision 3, is amended to read:

Subd. 3. A member on extended leave of absence pursuant to section 125.60 who does not pay employee contributions into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and the bylaws of the retirement association, and may not pay employee contributions into the fund in any subsequent year of the leave. Nonpayment of employee contributions into the fund shall not affect the rights or obligations of the teacher or his employing school district under section 125.60.

Sec. 22. Minnesota Statutes 1978, Section 354A.091, Subdivision 6, is amended to read:

Subd. 6. A member who pays employee contributions and receives allowable service credit in the fund pursuant to this section

may not pay employee contributions or receive allowable service credit for the same fiscal year in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776. *This subdivision shall not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the fund pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the by-laws of a retirement association, a teacher may not pay retirement contributions or receive allowable service credit in the fund for teaching service rendered for any part of any year for which he pays retirement contributions or receives allowable service credit pursuant to sections 354.094 or 354A.091 while on an extended leave of absence pursuant to section 125.60.*

Sec. 23. Minnesota Statutes 1978, Section 354A.22, Subdivision 2, is amended to read:

Subd. 2. A teacher in the public schools of a city of the first class who has 20 years or more of allowable service or 20 years or more of full time teaching service in Minnesota public elementary, secondary and area vocational-technical schools may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part time teaching position.

Sec. 24. Minnesota Statutes 1978, Section 354A.22, Subdivision 3, is amended to read:

Subd. 3. For purposes of this section, a part time teaching position shall mean a teaching position within the district in which the teacher is employed for at least 50 full days or a fractional equivalent thereof as prescribed in the appropriate bylaws of the retirement associations covered by chapter 354A, and for which the teacher is compensated at a rate in an amount not exceeding 60 percent of the compensation established by the board for a full time teacher of identical education and experience within the district.

Sec. 25. Minnesota Statutes 1978, Section 354A.22, Subdivision 8, is amended to read:

Subd. 8. No teacher shall qualify for the continuation of contributions and accrual of service credit pursuant to subdivision 4 of this section or section 354.66, subdivision 4, in more than one district at one time. *No teacher shall qualify for the continuation of contributions and accrual of service credit during part time employment in a district pursuant to this section in any year when he also takes a full time or part time teaching position in another Minnesota school district.*

Sec. 26. Minnesota Statutes 1978, Section 354A.22, is amended by adding a subdivision to read:

Subd. 11. Neither subdivision 5 nor subdivision 8 shall be construed to prohibit a teacher who qualifies for the continuation

of contributions and accrual of service credit pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the by-laws of a retirement association, a teacher may not pay retirement contributions or receive allowable service credit in the funds for other teaching service rendered for any part of any year for which he qualifies for continuation of contributions and accrual of service credit pursuant to section 354.66 or this section.

Sec. 27. Notwithstanding Minnesota Statutes, Section 125.60, Subdivision 7, the commissioner of education shall approve applications of districts for extended leaves of absence which were to begin between June 30, 1978 and the effective date of this section for teachers employed in area vocational-technical schools.

Sec. 28. Notwithstanding Minnesota Statutes, Section 354.094, Subdivision 1, payments for the first year of extended leaves of absence granted pursuant to section 27 shall be made on or before June 30, 1979 or on or before two months after the effective date of this section, whichever is later.

Sec. 29. [APPROPRIATION.] To meet the state's obligation prescribed in Minnesota Statutes, Sections 125.61, 354.094, 354.66, 354A.091 and 354A.22, there is appropriated from the general fund to the department of education the sum of \$1,247,000 for the fiscal year ending June 30, 1980 and the sum of \$1,532,800 for the fiscal year ending June 30, 1981.

(a) Any unexpended balance remaining from the appropriation in this section for fiscal year 1980 shall not cancel but shall be available for the second year of the biennium. If the appropriation amount attributable to either year for the purposes indicated is insufficient, the state shall not be obligated for any amount in excess of the appropriation in this section for this purpose.

(b) Notwithstanding the provisions of Minnesota Statutes, Sections 354.43 and 354A.12, the state's obligations prescribed in Minnesota Statutes, Sections 354.094, 354.66, 354A.091 and 354A.22 shall not be financed out of standing appropriations for the state's obligations pursuant to Minnesota Statutes, Chapter 354 or 354A.

Sec. 30. [EFFECTIVE DATE.] The provisions of this article shall be effective the day following final enactment; except that sections 18 and 25 shall be effective July 1, 1979, and section 5 shall not apply until June 30, 1980, to any teacher who prior to the day following final enactment has taken a full time or part time position as a teacher in a Minnesota school district while on an extended leave of absence. Any school board which approves an early retirement incentive contract and payment pursuant to Minnesota Statutes 1978, Section 125.61, prior to June 30, 1979, may elect to make this payment and receive state reimbursement either pursuant to Minnesota Statutes 1978, Section 125.61, Subdivisions 3 and 4, or pursuant to sections 9 and 11 of this article.

ARTICLE IX**LIBRARIES**

Section 1. Minnesota Statutes 1978, Section 134.30, Subdivision 1, is amended to read:

134.30 [DEFINITIONS.] Subdivision 1. As used in sections 134.30 to 134.35 and sections 9, 10 and 11 of this article, the terms defined in this section shall have the meanings ascribed to them.

Sec. 2. Minnesota Statutes 1978, Section 134.30, is amended by adding a subdivision to read:

Subd. 6. "Multi-county, multi-type library system" means a cooperative network composed of any combination of public libraries, regional public library systems, public school libraries, public or private college or university libraries and any other libraries which share services and resources within a multi-county area.

Sec. 3. Minnesota Statutes 1978, Section 134.32, Subdivision 5, is amended to read:

Subd. 5. It may provide grants for interlibrary exchange of books, periodicals, resource material, reference information and the expenses incident to the sharing of library resources and materials, including planning, development and operating grants to multi-county, multi-type library systems.

Sec. 4. Minnesota Statutes 1978, Section 134.33, Subdivision 1, is amended to read:

134.33 [ESTABLISHMENT GRANTS.] Subdivision 1. An establishment grant as described in section 134.32, subdivision 2, shall be made to any regional public library system for the first two state fiscal years after a board of county commissioners has contracted to join that system and has agreed that the county will provide the levels of support for public library service specified in this section. In the first year of participation, the county shall provide an amount of support equivalent to ~~.2~~ .3 mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year; in the second year of participation, an amount equivalent to ~~.3~~ mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year; and, or two-thirds of the per capita amount established under the provisions of section 134.34, subdivision 1, whichever amount is less. In the ~~third~~ second year of participation and in each year thereafter, the county shall provide an amount of support equivalent to .4 mill times the adjusted assessed valuation of the taxable property of the county as determined by the equalization aid review committee for the second year preceding that calendar year or the per capita amount established under the provisions of section 134.34, subdivision 1, whichever is less. The minimum level of support shall be certified annually to the county by the department of education. In no event shall the department of education

require any county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for an establishment grant. This section shall not be construed to prohibit any county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 5. Minnesota Statutes 1978, Section 134.34, Subdivision 1, is amended to read:

134.34 [REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS; REQUIREMENTS.] Subdivision 1. A regional library basic system support grant shall be made to any regional public library system where there are at least three participating counties and where each participating city and county, except in the first and second years year of participation as provided in section 134.33, is providing for public library service support in the lesser of (a) an amount equivalent to .4 mill times the adjusted assessed valuation of the taxable property of that city or county, as determined by the equalization aid review committee for the second year preceding that calendar year or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year 1980 as \$3.00. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted assessed valuation of property as determined by the equalization aid review committee for the second year preceding that calendar year increases over that total adjusted assessed valuation for the third year preceding that calendar year. The minimum level of support shall be certified annually to the participating cities and counties by the department of education. A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the department of education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for a regional library basic system support grant. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

Sec. 6. Minnesota Statutes 1978, Section 134.34, Subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of section 134.33 and subdivision 1 of this section, after the ~~third~~ second year of participation by a city or county, the dollar amount of the minimum level of support for that city or county shall not be required to increase by more than ten percent over the dollar amount of the minimum level of support required of it in the previous year. If a participating city or county which has been providing for public library service support in an amount equivalent to .67 mill times the assessed valuation of the taxable property of that city or county for the year preceding that calendar year would be required to increase the dollar amount of such support by more than ten percent to reach the equivalent of .4 mill times the adjusted

assessed valuation of the taxable property of that participating city or county as determined by the equalization aid review committee for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1, it shall only be required to increase the dollar amount of such support by ten percent per year until such time as it reaches an amount equivalent to .4 mill times the adjusted assessed valuation of that taxable property as determined by the equalization aid review committee for the second year preceding that calendar year or the per capita amount calculated under the provisions of subdivision 1.

Sec. 7. Minnesota Statutes 1978, Section 134.35, Subdivision 1, is amended to read:

134.35 [REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS; DISTRIBUTION FORMULA.] Subdivision 1. Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. The amount of each grant for fiscal year ~~1979~~ 1980 and each fiscal year thereafter shall be calculated as provided in this section.

Sec. 8. Minnesota Statutes 1978, Section 134.35, Subdivision 2, is amended to read:

Subd. 2. ~~Sixty~~ Fifty-five percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per capita. Each system's allocation pursuant to this subdivision shall be based on the population it serves.

Sec. 9. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.351] [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEMS.] Subdivision 1. [ESTABLISHMENT.] *The state board of education, upon the advice of the advisory council to the office of public libraries and interlibrary cooperation, may approve the establishment of multi-county, multi-type library systems and the geographic boundaries of those systems.*

Subd. 2. [SERVICES.] *Each multi-county, multi-type library system is encouraged to develop services including, but not limited to the following: referral of users, intrasystem reciprocal borrowing, cooperative collection development, cooperative reference services, staff development, research and development, cooperative storage facilities, publicity and community relations.*

Subd. 3. [AGREEMENT.] *In order for a multi-county, multi-type library system to qualify for a planning, development or operating grant pursuant to sections 10 and 11 of this article, each participating library in the system shall adopt an organizational agreement providing for the following:*

- (a) *Sharing of resources among all participating libraries;*
- (b) *Long-range planning for cooperative programs;*
- (c) *The development of a delivery system for services and programs;*

(d) *The development of a bibliographic data base; and*

(e) *A communications system among all cooperating libraries.*

Subd. 4. [GOVERNANCE.] In any area where the boundaries of a proposed multi-county, multi-type library system coincide with the boundaries of the regional library system, the regional library system board shall be designated as the governing board for the multi-county, multi-type library system. In any area where a proposed multi-county, multi-type library system encompasses more than one regional library system, the governing board of the multi-county, multi-type library system shall consist of nine members appointed by the cooperating regional library system boards from their own membership in proportion to the population served by each cooperating regional library system. In each multi-county, multi-type library system there shall be established an advisory committee consisting of two representatives of public libraries, two representatives of school media services, one representative of special libraries, one representative of public supported academic libraries, and one representative of private academic libraries. The advisory committee shall recommend needed policy to the system governing board.

Subd. 5. [REPORTS.] Each multi-county, multi-type system receiving a grant pursuant to section 10 or 11 of this article shall provide an annual progress report to the department of education. The department shall report before November 15 of each year to the legislature on all projects funded under sections 10 and 11 of this article.

Sec. 10. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.352] [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEM; PLANNING GRANTS.] *The state board of education may award a one-year planning grant to a multi-county, multi-type library system, to be available during the first year of operation of each system. In awarding a planning grant, the state board shall consider the extra costs incurred in systems located in sparsely populated and large geographic areas.*

Sec. 11. Minnesota Statutes 1978, Chapter 134, is amended by adding a section to read:

[134.353] [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEM DEVELOPMENT GRANT.] *The state board of education may provide development and operating grants to multi-county, multi-type library systems in their second and subsequent years of operation. In awarding a development and operating grant, the state board shall consider the extra costs incurred in systems located in sparsely populated and large geographic regions.*

Sec. 12. [REPEALER.] *Minnesota Statutes 1978, Section 134.33, Subdivision 2, is repealed.*

Sec. 13. [APPROPRIATIONS.] *Subdivision 1. There is appropriated from the general fund to the department of education the*

sums indicated in this section for the fiscal years ending June 30, in the years designated.

Subd. 2. For grants pursuant to sections 134.30, 134.31, 134.32, 134.33, 134.34, 134.35 and 134.36 for the provision of library services, there is appropriated:

\$3,591,300.....1980,
\$3,614,300.....1981.

Subd. 3. For grants pursuant to sections 10 and 11 of this article to multi-county, multi-type library systems, there is appropriated:

\$182,500.....1980,
\$182,500.....1981.

Subd. 4. Any unexpended balance remaining from the appropriations in this section for 1980 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated."

Further, delete the title in its entirety and insert:

"A bill for an act relating to education; providing for aids to education, aids to libraries, tax levies and the distribution of tax revenues; granting certain powers and duties to school districts, the commissioner of education, the department of education, the state board of education and others; changing the method of computing foundation aid, levy limitations, transportation aid and post-secondary vocational aid; changing procedures for decisions concerning the education of handicapped children; increasing tuition at area vocational-technical institutes; appropriating money; amending Minnesota Statutes 1978, Sections 3.924, Subdivision 1; 3.925; 16.93; 120.075; 120.17, Subdivisions 3b, 4, 6 and 7a; 120.80, Subdivision 1; 121.21, Subdivision 6; 121.49; 121.912, Subdivision 1; 121.917, by adding a subdivision; 121.92, Subdivision 2; 122.85, Subdivisions 1, as amended, and 6; 123.34, Subdivision 8; 123.35, by adding a subdivision; 123.58, Subdivision 6, and by adding a subdivision; 123.702, Subdivision 1, and by adding a subdivision; 123.703, Subdivisions 1 and 3; 123.705; 123.741, Subdivision 1; 123.79, Subdivision 1; 123.80, Subdivision 1; 123.937; 124.01; 124.11, Subdivisions 2, 4, 5, and by adding subdivisions; 124.14; 124.17, Subdivision 1; 124.19, by adding a subdivision; 124.212, Subdivisions 1, 6c, 7c, 11, 20, and by adding subdivisions; 124.222, Subdivision 3; 124.223; 124.245, Subdivisions 1 and 2; 124.271, Subdivisions 2, 5, and by adding a subdivision; 124.32, Subdivisions 1, 1a, 5, 7 and 10; 124.561, Subdivisions 2, 3a, and by adding a subdivision; 124.562, Subdivisions 1, 2, 3 and 4; 124.563, Subdivision 1; 124.565, Subdivisions 1, 3, 4, and by adding a subdivision; 124.566; 124.572, Subdivisions 1, 2 and 3; 124.573, Subdivision 1; 124.574, Subdivision 2; 124.646, Subdivision 1; 125.60, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 125.61, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 126.39, Subdivision 10; 126.40, Subdivision 3; 126.41,

Subdivision 1; 126.52, Subdivision 10; 126.53, Subdivision 3; 126.54, Subdivision 1; 128A.02, Subdivision 6; 134.30, Subdivision 1, and by adding a subdivision; 134.32, Subdivision 5; 134.33, Subdivision 1; 134.34, Subdivisions 1 and 2; 134.35, Subdivisions 1 and 2; 169.44, Subdivisions 1, 2, and by adding subdivisions; 275.125, Subdivisions 1, 2a, 2b, 8, 9, 11a, 15, and by adding subdivisions; 354.094, Subdivisions 3 and 6; 354.66, Subdivisions 2, 3, 8, and by adding a subdivision; 354A.091, Subdivisions 1, 3 and 6; 354A.22, Subdivisions 2, 3, 8, and by adding a subdivision; 465.72; 471.38, by adding a subdivision; 471.61, Subdivision 1b; and Chapters 3, by adding sections; 121, by adding a section; 124, by adding sections; and 134, by adding sections; repealing Minnesota Statutes 1978, Sections 3.9271; 3.9272; 3.9273; 3.9274; 3.9275; 120.171; 124.11, Subdivision 2; 124.212, Subdivisions 6b and 7b; 124.213; 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; 124.241; 124.561, Subdivision 3; 124.562, Subdivisions 1 and 2; 124.563; 126.16; 126.18; 134.33, Subdivision 2; 169.44, Subdivisions 5 and 7; and 275.125, Subdivisions 6, 7 and 13."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Willis R. Eken, Carl M. Johnson, Bob McEachern, Gerald C. Knickerbocker, Sally Olsen, David M. Jennings

Senate Conferees: (Signed) Gene Merriam, Jerald C. Anderson, Robert G. Dunn, Jerome M. Hughes

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on H. F. No. 223 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 223: A bill for an act relating to education; providing for aids to education, aids to libraries, tax levies and the distribution of tax revenues; granting certain powers and duties to school districts, the commissioner of education, the department of education, the state board of education and others; changing the method of computing foundation aid, levy limitations, transportation aid and post-secondary vocational aid; changing procedures for decisions concerning the education of handicapped children; increasing tuition at area vocational-technical institutes; appropriating money; amending Minnesota Statutes 1978, Sections 3.924, Subdivision 1; 3.925; 16.93; 120.075; 120.17, Subdivisions 3b, 4, 6 and 7a; 120.80, Subdivision 1; 121.21, Subdivision 6; 121.49; 121.912, Subdivision 1; 121.917, by adding a subdivision; 121.92, Subdivision 2; 122.85, Subdivisions 1, as amended, and 6; 123.34, Subdivision 8; 123.35, by adding a subdivision; 123.58, Subdivision 6, and by adding a subdivision; 123.702, Subdivision 1, and by adding a subdivision; 123.703, Subdivisions 1 and 3; 123.705; 123.741, Subdivision 1; 123.79, Subdivision 1; 123.80, Subdivision 1; 123.937; 124.01; 124.11, Subdivisions 2, 4, 5, and by adding subdivisions; 124.14; 124.17, Subdivision 1; 124.19, by adding a subdivision; 124.212, Subdivisions 1, 6c, 7c, 11, 20, and by adding subdivisions; 124.222, Subdivision 3; 124.223; 124.245, Subdivisions 1 and 2; 124.271, Subdivisions 2, 5, and by

adding a subdivision; 124.32, Subdivisions 1, 1a, 5, 7 and 10; 124.561, Subdivisions 2, 3a, and by adding a subdivision; 124.562, Subdivisions 1, 2, 3 and 4; 124.563, Subdivision 1; 124.565, Subdivisions 1, 3, 4, and by adding a subdivision; 124.566; 124.572, Subdivisions 1, 2 and 3; 124.573, Subdivision 1; 124.574, Subdivision 2; 124.646, Subdivision 1; 125.60, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 125.61, Subdivisions 1, 2, 3, 4, and by adding subdivisions; 126.39, Subdivision 10; 126.40, Subdivision 3; 126.41, Subdivision 1; 126.52, Subdivision 10; 126.53, Subdivision 3; 126.54, Subdivision 1; 128A.02, Subdivision 6; 134.30, Subdivision 1, and by adding a subdivision; 134.32, Subdivision 5; 134.33, Subdivision 1; 134.34, Subdivisions 1 and 2; 134.35, Subdivisions 1 and 2; 169.44, Subdivisions 1, 2, and by adding subdivisions; 275.125, Subdivisions 1, 2a, 2b, 8, 9, 11a, 15, and by adding subdivisions; 354.094, Subdivisions 3 and 6; 354.66, Subdivisions 2, 3, 8, and by adding a subdivision; 354A.091, Subdivisions 1, 3 and 6; 354A.22, Subdivisions 2, 3, 8, and by adding a subdivision; 465.72; 471.38, by adding a subdivision; 471.61, Subdivision 1b; and Chapters 3, by adding sections; 121, by adding a section; 124, by adding sections; and 134, by adding sections; repealing Minnesota Statutes 1978, Sections 3.9271; 3.9272; 3.9273; 3.9274; 3.9275; 120.171; 124.11, Subdivision 2; 124.212, Subdivisions 6b and 7b; 124.213; 124.222, Subdivisions 1a, 1b, 2a, 2b and 6; 124.241; 124.561, Subdivision 3; 124.562, Subdivisions 1 and 2; 124.563; 126.16; 126.18; 134.33, Subdivision 2; 169.44, Subdivisions 5 and 7; and 275.125, Subdivisions 6, 7 and 13.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate. The following Senators answered to their names:

Anderson	Gearty	Knoll	Olhoft	Spear
Ashbach	Gunderson	Knutson	Olson	Staples
Benedict	Hanson	Laufenburger	Penny	Stokowski
Bernhagen	Hughes	Lessard	Perpich	Stumpf
Chenoweth	Jensen	Luther	Pillsbury	Tennessen
Chmielewski	Johnson	McCutcheon	Purfeerst	Ueland, A.
Coleman	Keefe, J.	Menning	Rued	Vega
Dunn	Keefe, S.	Merriam	Schaaf	Willet
Engler	Kirchner	Nelson	Setzepfandt	
Frederick	Knaak	Ogdahl	Sikorski	

The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 46 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Coleman	Hughes	Knaak	Merriam
Ashbach	Davies	Humphrey	Knoll	Moe
Bang	Dunn	Johnson	Knutson	Nichols
Benedict	Engler	Keefe, S.	Lessard	Ogdahl
Brataas	Frederick	Kirchner	Luther	Perpich
Chmielewski	Gearty	Kleinbaum	McCutcheon	Peterson

Pillsbury	Sieloff	Solon	Stokowski	Vega
Rued	Sikorski	Spear	Tennessee	Wegener
SchAAF	Sillers	Staples	Ulland, J.	Willet
Schmitz				

Those who voted in the negative were:

Bernhagen	Hanson	Menning	Penny	Strand
Chenoweth	Jensen	Nelson	Purfeerst	Stumpf
Dieterich	Keefe, J.	Olhoft	Renneke	Ueland, A.
Gundersen	Laufenburger	Olson	Setzepfandt	

So the bill, as amended by the Conference Committee, was re-passed and its title was agreed to.

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 1510 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1510

A bill for an act relating to the organization and operation of state government; appropriating money for the general administrative and judicial expenses of state government with certain conditions; providing for the transfer of certain moneys in the state treasury; authorizing land acquisition in certain cases; fixing and limiting the amount of fees to be collected in certain cases; amending Minnesota Statutes 1978, Sections 4.12, by adding a subdivision; 4.26, Subdivision 1; 10.31; 16.02, by adding a subdivision; 16.97, Subdivision 1; 16A.126; 43.067, Subdivision 1; 85A.02, Subdivision 12; 116E.03, Subdivision 4; 179.04; 180.03, Subdivision 2; 197.16; 198.31; 299C.07; 361.12, by adding a subdivision; 362.20; 362.40, Subdivisions 9, 10 and 11; 546.27; Chapters 86, by adding a section; and 299C, by adding a section.

May 21, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1510, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1510, be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [STATE DEPARTMENTS; APPROPRIATIONS.] The sums set forth in the columns designated "APPROPRIATIONS" are appropriated from the general fund, or any other fund designated, 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 "1979", "1980", and "1981", wherever used in this act, mean that the appropriation or appropriations listed thereunder are available for the year ending June 30, 1979, June 30, 1980, or June 30, 1981, respectively.

SUMMARY BY FUND

	1979	1980	1981	TOTAL
General	\$ 2,194,800	\$330,892,400	\$332,502,900	\$665,590,100
Special		1,330,000	1,330,000	2,660,000
Airports		32,500	32,500	65,000
G & F	375,000	16,164,300	16,178,100	32,717,400
Tr. Hwy.		31,123,500	32,386,300	63,509,800
Hwy. Usr.		7,392,800	7,442,600	14,835,400
Federal		7,253,800	7,250,700	14,504,500
TOTAL	\$ 2,569,800	\$394,189,300	\$397,123,100	\$793,882,200

APPROPRIATIONS

Available for the Year
Ending June 30,

1980 1981

\$ \$

Sec. 2. LEGISLATURE

Subdivision 1. House of Representatives	9,613,500	11,010,800
Subd. 2. Senate	6,666,600	7,287,700
Subd. 3. Legislative Coordinating Commission	1,995,000	1,993,400

The amounts that may be expended from this appropriation for each activity are as follows:

Legislative Reference Library

1980	1981
\$ 393,100	\$ 354,600

Revisor of Statutes

\$ 1,382,400	\$ 1,425,500
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Joint Legislative Committee on
Solid and Hazardous Waste

\$ 145,000	\$ 134,000
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The Joint Committee on Solid and Hazardous Waste, established pursuant to Minnesota Laws 1978, Chapter 728, Section 2, Subdivision 2, shall be extended until June 30, 1981 with the following changes in composition and staffing.

1980

1981

\$

\$

The Joint Committee shall be reduced to six members from the House of Representatives appointed by the Speaker, and six members of the Senate appointed by the Committee on Committees.

Of this appropriation, \$38,700 in fiscal year 1980 and \$41,200 in fiscal year 1981 shall be for the salaries and expenses of such staff as the Joint Committee deems appropriate to provide staff support. The staff positions shall be hired and supervised for the Joint Committee through the House of Representatives research department. The research department shall maintain liaison with the Senate research department.

The Joint Committee may contract with individuals and with regional, state, and federal agencies to perform work which it deems necessary to carry out its duties.

Advisory Council on the Economic Status of Women

\$ 74,500 \$ 79,300

Subd. 4. Legislative Commission on Pensions and Retirement	119,300	128,900
Subd. 5. Legislative Commission to Review Administrative Rules.....	52,500	55,500
Subd. 6. Legislative Audit Commission	1,904,200	1,920,600

The amounts that may be expended from this appropriation for each activity are as follows:

Legislative Audit Commission

\$ 15,000 \$ 15,000

Legislative Auditor

\$ 1,889,200 \$ 1,905,600

Subd. 7. Joint Legislative Committee on Science and Technology	109,400	115,300
Subd. 8. Mississippi River Parkway Commission	20,000	20,000

1980

1981

\$

\$

This appropriation is from the trunk highway fund.

Sec. 3. SUPREME COURT

General Operations and Management . .	4,480,900	4,163,100
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The amounts that may be expended from this appropriation for each program are as follows:

Supreme Court Operations

\$ 2,597,800	\$ 2,611,400
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Judicial Council

\$ 395,300	\$ 393,200
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This appropriation includes \$340,000 each year to assist in the provision of criminal and juvenile defense to indigent individuals, allocated as follows:

St. Paul-Neighborhood Justice Center, Inc.

For cases arising in Ramsey county.

\$ 95,000	\$ 95,000
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Minneapolis-Legal Rights Center, Inc.

For cases arising in Hennepin county.

\$ 55,000	\$ 55,000
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Duluth-Duluth Indian Legal Assistance Program

For cases arising in St. Louis and Mille Lacs counties.

\$ 85,000	\$ 85,000
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Cass Lake-Leech Lake Reservation Criminal and Juvenile Defense Corp.

For cases arising in Cass, Itasca, Hubbard, and Beltrami counties.

\$ 52,500	\$ 52,500
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White Earth-White Earth Reservation Criminal and Juvenile Defense Corp.

For cases arising in Mahnomen, Becker, and Clearwater counties.

\$ 52,500	\$ 52,500
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	1980	1981
	\$	\$
State Court Administrator		
\$ 1,177,100	\$ 838,100	

If the appropriation for the state court administrator for either year is insufficient, the appropriation for the other year is available for it.

The state court administrator shall develop forms to be utilized for the commencement of civil and criminal actions in all courts in the state of Minnesota. To the extent feasible, the forms shall be utilized to initiate reporting of cases to SJIS.

The enhancement of SJIS shall not include the tracking of cases routinely disposed of by traffic violations bureaus. However, this restriction does not preclude tracking of serious violations that require significant courtroom activity and the expenditure of judicial time.

The state court administrator shall make the reporting requirements of SJIS applicable to the Minnesota supreme court, modified as necessary to track appellate cases.

Reports on the progress of cases in the courts of this state generated by the state judicial information system with money provided by this appropriation shall be filed with the legislature as required by section 480.15, subdivisions 5 and 8 then treated as public records.

State Law Library

\$ 310,700	\$ 320,400
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Sec. 4. STATE COURTS

General Operations and Management..	10,472,500	10,472,500
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The amounts that may be expended from this appropriation for each program are as follows:

District and County Court Judges

\$ 10,058,300	\$ 10,058,300
---------------	---------------

District Court Administrators

\$ 414,200	\$ 414,200
------------	------------

	1980	1981
	\$	\$

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 5. BOARD ON JUDICIAL STANDARDS	104,000	104,000
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Approved Complement—2

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 6. PUBLIC DEFENDER

General Operations and Management..	693,500	693,500
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Approved Complement—25

The amounts that may be expended from this appropriation for each program are as follows:

Public Defender Operations

\$ 515,000		\$ 515,000
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Legal Assistance to Minnesota Prisoners

\$ 109,700		\$ 109,700
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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.

Legal Advocacy Project

\$ 68,800		\$ 68,800
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Sec. 7. TAX COURT OF APPEALS.	254,100	254,100
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Approved Complement—5

Sec. 8. CONTINGENT ACCOUNTS.	13,990,300	16,042,600
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The amounts that may be expended from this appropriation are more specifically described in the following subdivisions of this section.

Subdivision 1. The appropriations in this section shall be expended with the approval of the governor after consultation with the legislative advisory commission pursuant to section 3.30.

	1980	1981
	\$	\$
If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.		
Subd. 2. General.....	4,300,000	4,000,000
Subd. 3. Postage.....	300,000	300,000

For postage rate increases during the biennium ending June 30, 1981, where sufficient appropriations are not available.

Of the above amount \$100,000 each year is appropriated from the highway user tax distribution fund to meet the needs of the motor vehicle section of the department of public safety.

Subd. 4. Crime Control Planning Board		1,002,600
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This appropriation is available to pay the costs of general operations and management of the crime control planning board as necessary in the light of amendments to the federal crime control acts.

Subd. 5. Criminal Justice.....	2,625,300	2,341,100
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This appropriation is available to the crime control planning board for grants.

Of this appropriation \$395,300 for the first year and \$111,100 for the second year is from the general fund. \$2,230,000 each year is from the money allocated to Minnesota under the safe streets and omnibus crime control act of 1968, as amended.

At least 30 days before action by the legislative advisory commission, the crime control planning board shall submit to the finance and appropriation committees summaries of the individual requests recommended for funding.

Subd. 6. Fuel and Utilities.....	3,000,000	6,200,000
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For increased costs due to increased prices for fuel and utilities purchased by state agencies.

Of this appropriation, \$1,000,000 the first

	1980	1981
	\$	\$
year and \$2,200,000 the second year is from the trunk highway fund.		
Subd. 7. Grain Inspection	2,200,000	
This appropriation is available to pay the costs of grain inspection when fees collected exceed the amount of the direct appropriation to the department of agriculture for grain inspection.		
Subd. 8. Game and Fish	75,000	75,000
This appropriation is from the game and fish fund.		
Subd. 9. Traffic Safety	75,000	75,000
This appropriation is from the trunk highway fund for the purpose of supplementing any requirements of the department of public safety for traffic safety programs.		
Subd. 10. Motor Vehicle	75,000	75,000
This appropriation is from the highway user tax distribution fund for the purpose of supplementing any requirements of the department of public safety, motor vehicle services section, for salaries, supplies, and expense.		
Subd. 11. State Planning Agency . . .	1,250,000	1,288,100
For special environmental studies and for two positions for the Minnesota land management information system in fiscal year 1981.		
Subd. 12. Industrial Hygienists	90,000	180,000
For the state match to federal money or the addition to the OSHA program of six industrial hygienists in the first year and six more in the second year.		
Subd. 13. Supreme Court		305,800
For the state judicial information system.		
Subd. 14. Department of Economic Development for tourism		200,000
Sec. 9. GOVERNOR		
General Operations and Management . .	1,618,500	1,613,500

1980

1981

\$

\$

The amounts that may be expended from this appropriation for each program are as follows:

Executive Operations

\$ 1,352,800 \$ 1,347,800

If the commissioner of public safety assigns a highway patrol officer as a personal aide to the governor below the rank of sergeant, the officer shall receive the rank and pay of a sergeant while on the assignment.

Of this appropriation, \$15,000 each year is for personal expenses connected with the office.

\$10,000 the first year and \$5,000 the second year is for official governors' portraits.

This appropriation includes money for the office of lieutenant governor.

Interstate Representation and Cooperation

\$ 180,000 \$ 180,000

\$24,800 each year is for the National Governors Conference.

\$22,300 each year is for the Great Lakes Basin Commission—State Share

\$71,000 each year is for the Upper Great Lakes Regional Commission—State Share.

\$45,000 each year is for the Upper Mississippi Basin Commission—State Share

\$16,900 each year is for the Missouri River Basin Commission—State Share

Committees and Task Forces

\$ 85,700 \$ 85,700

\$15,000 each year is for the committee on appointments.

\$70,700 each year is for the Governor's Task Force on Educational Policy.

Sec. 10. SECRETARY OF STATE

	1980	1981
	\$	\$
General Operations and Management..	764,100	1,038,200
Approved Complement—31		
For 1979—\$23,400		
Sec. 11. STATE AUDITOR	217,400	217,400
Approved Complement—111		
General—8		
Revolving—103		
Sec. 12. STATE TREASURER	839,200	821,900
Approved Complement—31		

The amounts that may be expended from this appropriation for each activity are as follows:

Treasury Management

\$ 491,800 \$ 491,800

Property and Escheat Claims

\$ 347,400 \$ 330,100

Sec. 13. ATTORNEY GENERAL

Approved Complement

	1980—286	1981—278
General—	283	275
Federal—	3	3

General Operations and Management..	8,808,300	9,403,500
For 1979—\$95,000		

If the appropriation for equipment or real property for either year is insufficient, the appropriation for these purposes for the other year is available for it.

Of this appropriation, \$25,000 each year is for a special account, not to be available for paying the costs of special, legal, accounting, and investigative personnel retained in cases arising under Minnesota Statutes, Section 501.12, hereafter filed, unless the attorney general decides in a case that all the beneficiaries are not adequately represented, or that there

1980

1981

\$

\$

is a likelihood that the purpose of the trust may be frustrated without his intervention and that the state has a substantial interest in carrying out the purpose of the trust. If the appropriation for either year is insufficient, the appropriation for the other years is available for it.

\$268,800 the first year and \$283,600 the second year is for costs and expenses incurred by the attorney general in enforcing and making claims under state and federal antitrust laws. The attorney general shall report the purposes for which this money is utilized. The reports shall be made to the committee on finance of the senate and the committee on appropriations of the house of representatives at the end of each fiscal year. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 14. ETHICAL PRACTICES BOARD	163,000	162,000
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Approved Complement—5

Sec. 15. INVESTMENT BOARD ...	922,900	922,900
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Approved Complement—30

Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

The state board of investment shall review and report to the legislature by January 30, 1980 on the use of common stocks for investment of the assets of the Minnesota adjustable fixed benefit fund; the board's recommendations for reducing the amount of assets of the Minnesota adjustable fixed benefit fund that are invested in common stocks; the development of a program to invest in insured mortgages on residential property located in Minnesota from the assets of pension funds and how a policy of making investments of that kind would best be implemented; and the feasibility of making short term loans from the

	1980	1981
	\$	\$

assets of the state board of investment to Minnesota banks.

Sec. 16. STATE PLANNING AGENCY

Subdivision 1. General Operations and Management	5,894,400	5,583,400
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Approved Complement—130

General—106

Federal—22

Revolving—2

The amounts that may be expended from this appropriation for each program are more specifically described in the following subdivisions of this section.

Subd. 2. State Planning and Development	372,900	388,900
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The state planning agency shall evaluate whether the limitations of local financial institutions result in hardships to intermediate sized businesses and make recommendations to the legislature of methods to improve the situation if the study finds such hardships.

\$30,000 has been placed in the general contingent account to develop state and regional growth plans and recommend a policy for economic alternatives in Minnesota. Use of this money shall be authorized by the governor, upon recommendation of the legislative advisory commission.

Subd. 3. Functional Area Planning..	2,839,600	2,612,600
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The amounts that may be expended from this appropriation for each activity are as follows:

Health Planning

\$ 100,900	\$ 100,900
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Developmental Disabilities

\$ 56,100	\$ 56,100
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Environmental Systems Planning

1980

1981

\$

\$

\$ 568,500 \$ 573,500

\$116,000 the first year and \$101,000 the second year is for a grant to the Environmental Conservation Library.

Environmental Quality Board

\$ 406,300 \$ 406,300

Critical Areas Planning

\$ 313,100 \$ 81,100

Of this appropriation, \$232,000 in fiscal 1980 is for financial aid to local governments within critical areas. Any unencumbered balance remaining in the first year shall not cancel but is available for the second year of the biennium.

Power Plant Studies

\$ 852,000 \$ 852,000

Land Use Planning

\$ 204,400 \$ 204,400

Human Resources Planning

\$ 338,300 \$ 338,300

\$62,500 each year is available for grants for improving management and planning for the delivery of human services. Applications shall be on forms approved by the state planning agency director. No grant shall exceed \$4,000. Top priority shall be given to counties that have not previously received grants. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

Subd. 4. Technical Assistance 2,355,300 2,255,300

The amounts that may be expended from this appropriation for each activity are as follows:

Technical Assistance

\$ 1,285,300 \$ 1,185,300

\$717,600 in fiscal 1980 and \$617,600 in fiscal 1981 is for land use planning grants to local governments.

	1980	1981
	\$	\$
Planning Assistance Grants		
\$ 969,000		\$ 969,000
This appropriation is for regional planning assistance grants.		
Fiscal Studies		
\$ 101,000		\$ 101,000
Subd. 5. General Administration	326,600	326,600

The director of the state planning agency with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose or for grants among the above programs and activities. All transfers shall be reported forthwith to the committee on finance in the senate and the committee on appropriations in the house of representatives.

Sec. 17. OFFICE OF HEARING EXAMINER

Approved Complement

Revolving—25

Sec. 18. ADMINISTRATION

General Operations and Management . . . 15,136,500 15,595,900

Approved Complement—956

 General—485

 Special—11

 Federal—7

 Revolving—453

The amounts that may be expended from this appropriation for each program are as follows:

Management Services

 \$ 3,311,200 \$ 3,493,300

The commissioner of administration shall transfer two positions from management analysis to records management to allow the department to meet its responsibilities for records management. These positions may revert to management analysis

1980

1981

\$

\$

when they are no longer needed to meet those responsibilities.

Real Property Management

\$ 7,804,200 \$ 7,780,900

The commissioner of administration shall charge the department of transportation and the iron range resources and rehabilitation board for engineering services performed on behalf of these agencies.

The unencumbered balance in appropriation accounts 16078:14-11 and 16072:14-11 shall be cancelled on July 1, 1979.

State Agency Services

\$ 1,224,400 \$ 1,222,000

For 1979—\$169,200

\$169,200 is available as an advance from the general fund to the surplus property revolving fund. Of this amount, \$67,700 is immediately available for payment of outstanding obligations, \$40,000 is immediately available as working capital, and \$61,500 is available for the reduction of obligations incurred between March 1, 1979, and February 29, 1980.

The commissioner of administration shall provide a monthly report to the commissioner of finance consisting of: an operations statement, a balance sheet, an analysis of changes in retained earnings, and a source and use of funds statement. The commissioner of finance is responsible for approving the allotment of the \$61,500 portion of the advance and shall give his approval when potential deficiencies are forecast. If it appears that the \$61,500 portion of the advance will be exhausted prior to January 15, 1980, the commissioner of finance shall promptly notify the governor and the legislative advisory commission of the need for an additional advance.

The commissioner of administration shall by January 15, 1980, provide copies of all monthly reports through the period ending December 31, 1979, to the senate fi-

1980

1981

\$

\$

nance committee and the house appropriations committee. The commissioner of finance shall by January 15, 1980, recommend the continuance or discontinuance of the federal surplus property activity to the committee on finance in the senate and the committee on appropriations of the house of representatives.

The advance of \$169,200 shall be returned in full or in increments to the general fund from the surplus property revolving fund when the commissioner of finance determines that retained earnings are in excess of the working capital requirements of the surplus property revolving fund. In the event the surplus property revolving fund is discontinued, any portion of the advance of \$169,200 that has not been returned to the general fund shall, immediately upon liquidation of assets, be paid to the general fund.

Public Services

\$ 1,748,900 \$ 2,053,400

\$37,000 the first year and \$40,700 the second year is for the state contribution to the National Conference of State Legislatures.

\$43,900 each year is for the state contribution to the Council of State Governments.

\$6,500 each year is for the expenses of the Interstate Cooperation Commission.

\$5,000 each year is for the Minnesota state employees band.

General Support

\$ 1,047,000 \$ 1,046,300

The commissioner of administration with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

	1980	1981
	\$	\$
Sec. 19. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD	68,900	68,900

Approved Complement—2

The capitol area architectural and planning board shall study the parking needs of the capitol area and shall prepare alternatives that guarantee public parking in the capitol area. This study shall be presented to the legislature by January 1, 1980.

Projects that are within the area under the jurisdiction of the capitol area architectural and planning board and are funded in total with federal money shall not be approved by the governor until a recommendation is received from the legislative advisory commission.

Sec. 20. FINANCE

General Operations and Management...	4,631,000	4,672,400
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Approved Complement—122

The amounts that may be expended from this appropriation for each program are as follows:

Financial Systems and Operations

\$ 2,896,500	\$ 2,889,100
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Budget and Control

\$ 915,500	\$ 977,400
------------	------------

General Support

\$ 801,400	\$ 805,900
------------	------------

Employee Athletic Leave of Absence

\$ 17,600

Any balance remaining on June 30, 1980 does not cancel, but is available for the second year.

The commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

	1980	1981
	\$	\$
Sec. 21. PERSONNEL		
General Operations and Management..	2,730,000	2,680,100
Approved Complement—120		
General—104		
Federal—9		
Revolving—7		

The amounts that may be expended from this appropriation for each program are as follows:

Personnel Technical Services

\$ 978,900 \$ 979,000

Human Resource Improvement

\$ 554,800 \$ 554,800

Each state department shall have a plan approved by the commissioner of personnel to use 50 percent of its training money, or the same percentage of its training money that its schedule "C" civil service employees are of its total number of departmental employees, whichever is less, for special career training programs for schedule "C" civil service employees. The money shall be used only for this purpose.

The commissioner of personnel shall create and distribute a handbook identifying existing career advancement opportunities within the state civil service system with particular emphasis on those available to schedule "C" employees.

Labor Relations

\$ 232,400 \$ 232,400

Administrative and Special Services

\$ 963,900 \$ 913,900

Of this appropriation, \$50,000 the first year is for the social security revolving fund as paid in capital.

The commissioner of personnel with the approval of the commissioner of finance

1980

1981

\$

\$

may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

In the case of state departments, agencies, and institutions that are financed in whole or in part with federal money, the portion of the cost of collecting social security contributions that is chargeable to federal money shall be reimbursed from federal money, and the amount necessary is appropriated from federal money for that purpose.

The cost of collecting employees' social security contributions and the state's matching share for reimbursement to the U.S. Secretary of the Treasury for state departments, agencies, and institutions whose salaries are provided by open, standing, continuing, or revolving appropriations or so called dedicated receipt accounts shall be reimbursed to the state agency revolving fund from those appropriations or dedicated receipt accounts, and the amount necessary is appropriated from those appropriations and accounts for that purpose.

Sec. 22. PERSONNEL BOARD

58,500

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Approved Complement—1

The commissioner of administration shall study and report to the legislature by January 1, 1980 his recommendations on the proper state agency to perform the functions now performed by the personnel board.

Sec. 23. REVENUE

General Operations and Management . . .

23,367,900

23,389,800

1980

1981

Approved Complement—944

941

The amounts that may be expended from this appropriation for each program are as follows:

	1980	1981
	\$	\$
Revenue Management		
\$ 6,485,500	\$ 6,464,100	
Income, Sales, and Use Tax Management		
\$12,610,900	\$12,638,900	
Property and Special Taxes Management		
\$ 4,164,300	\$ 4,179,600	
Assessors Board		
\$ 107,200	\$ 107,200	

The commissioner of revenue with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 24. AGRICULTURE

General Operations and Management . . .	25,546,100	23,528,000
Approved Complement—494		
General—433		
Special—56		
Federal—5		

The approved complement includes eight positions in the shade tree activity whose continued existence is dependent upon the continuation of appropriations for that activity. As appropriations for that activity decline, the approved complement will be reduced accordingly.

The amounts that may be expended from this appropriation for each program are as follows:

Development and Protection of Agricultural Resources

\$ 21,582,900	\$ 18,543,900
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None of the appropriation for market development, promotion, and information for the second year shall be expended until the commissioner of agriculture has

1980

1981

\$

\$

submitted to the legislature a five year work program for the development of international markets and received the recommendations of the committee on finance of the senate and the committee on appropriations of the house of representatives on the plan.

Food and Family Farm Protection

\$ 2,802,100 \$ 3,602,100

General Support

\$ 1,161,100 \$ 1,382,000

The appropriation for General Support includes the following amounts for grants to agricultural societies and associations.

(a) For Aid to the Northeastern Minnesota Junior Livestock Show Association

\$ 1,400 \$ 1,400

To be paid to the Northeastern Minnesota junior livestock show association for the payment of expenses and transportation of boys and girls displaying exhibits and in attendance at the junior livestock show at Duluth and for prizes awarded to exhibitors at the show.

(b) For Aid to Minnesota Livestock Breeders Association

\$ 14,200 \$ 14,200

(c) For Aid to Northern Sheep Growers Associations

\$ 1,125 \$ 1,125

(d) For Aid to Southern Sheep Growers Association at LeSueur, Minnesota

\$ 500 \$ 500

(e) For Red River Valley Livestock Associations

\$ 7,500 \$ 7,500

The amount appropriated by clause (e) shall be disbursed pursuant to provisions of Minnesota Statutes, Section 38.02.

(f) For the Red River Valley Dairymen's

1980

1981

\$

\$

Association, Inc., for the purpose of promoting better dairying

\$ 1,500 \$ 1,500

Clauses (b), (c), (d), (e), and (f) shall be expended under provisions of Minnesota Statutes, Section 17.07.

(g) Aid to County and District

Agricultural Societies

\$ 320,000 \$ 320,000

Of the amount appropriated by clause (g), \$4,500 each year is for livestock premiums to county fair associations for carrying on boys' and girls' club work.

The amount appropriated by clause (g) shall be disbursed according to Minnesota Statutes, Section 38.02.

Out of the amounts appropriated by clause (g), \$1,000 each year shall be available for agricultural aid to the Red Lake Band of Chippewa Indians, to be expended as may be directed by the Indian council for the purpose of encouraging activities and arts that will advance the economic and social interest of their people and particularly to promote a program of agricultural development that will utilize to the greatest possible extent the lands and forest owned by them. This appropriation may be used to help maintain an agricultural extension service, to promote 4-H club work, or for premiums for the competitive display of exhibits at any fair or exposition that may be arranged under the direction of the council.

(h) For Aid in Payment of Premiums at Exhibitions of Poultry for the poultry associations mentioned in Laws 1949, Chapter 718, Section 7, Subdivision 8

\$ 3,500 \$ 3,500

Out of the amounts appropriated by clause (h) the amount of \$1,125 shall

1980

1981

\$

\$

be allotted each fiscal year to aid the Minnesota state poultry association in the payment of premiums and other necessary expenses, exclusive of salaries or wages of any kind, at its annual exhibition.

The northern poultry association (being a consolidation of 14 northwestern county associations) shall receive not to exceed \$150.

The commissioner of agriculture with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 25. LIVESTOCK SANITARY BOARD

General Operations and Management..	1,190,900	1,194,600
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Approved Complement—40

This appropriation includes \$75,000 each 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 shall not be paid.

Sec. 26. NATURAL RESOURCES

General Operations and Management..	51,194,500	51,174,100
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Approved Complement—1416

General—892

Special—18

Game and Fish—479

Federal—25

Two of the federal positions are CETA positions for St. Croix Wild River state park.

Gifts— 2 2

Of this appropriation \$33,775,200 for the

1980

1981

\$

\$

first year and \$33,741,000 for the second year are from the general fund; \$1,330,000 each year is from the special revenue fund; and \$16,089,300 for the first year and \$16,103,100 for the second year are from the game and fish fund, including \$526,600 the first year and \$533,400 the second year pursuant to Minnesota Statutes, Section 296.421, Subdivision 4.

The amounts that may be expended from this appropriation for each program are as follows:

Administrative Management Services

\$ 4,272,100 \$ 4,272,100

\$252,900 each year is for the environmental education board

Of this appropriation, \$171,400 each year is appropriated from the game and fish fund for the purchase of legal services from or through the attorney general on behalf of game and fish activities.

Youth Conservation Corps

\$ 325,000 \$ 325,000

The department shall insure that youths in all parts of the state shall have an equal opportunity for employment. The youth conservation corps shall provide service for the various DNR disciplines including parks, forestry and stream improvement. \$100,000 in fiscal 1980 and \$100,000 in fiscal 1981 shall be used for planting, timber stand improvement, and forest development on state owned lands, other than trust fund lands, for forestry purposes.

Public Access and Lake Improvements

\$ 526,600 \$ 533,400

Combining the appropriations for public access and lake improvements into one program shall not be accompanied by any combination of staff or increase in staff used for this purpose.

	1980	1981
	\$	\$

Regional Administration

\$ 2,724,500	\$ 2,724,500
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It is legislative policy to support coordination between different DNR disciplines within the regions.

Notwithstanding the provisions of Laws 1978, Chapter 792, Section 6, Paragraph (b), no amount of appropriations under that paragraph shall be expended unless the designated building is equipped with a wood burning heating plant.

Field Services Support

\$ 3,683,600	\$ 3,683,500
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Water Resources Management

\$ 2,585,000	\$ 2,592,900
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In conjunction with dam safety inspections during the biennium the department shall utilize a survey form prepared by staff of the Minnesota energy agency to record pertinent information to determine the potential feasibility of hydroelectric power generation at dams located throughout the state.

Mineral Resources Management

\$ 1,892,900	\$ 1,892,900
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\$216,900 in fiscal 1980 and \$216,900 in fiscal 1981 is for mineland reclamation.

\$350,000 in fiscal 1980 and \$350,000 in fiscal 1981 is for peat inventory or studies. It is a condition of acceptance of the appropriations for peat inventory or studies that the agency or entity receiving the appropriation shall submit work programs and semi-annual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided in this paragraph may be expended unless the commission has approved the pertinent work program. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

1980

1981

\$

\$

Forest Management

\$ 7,962,300 \$ 7,962,300

\$500,000 each year is from the consolidated conservation areas account.

\$215,000 each year is from the iron range resources and rehabilitation account.

\$750,000 the first year is to implement the federal Boundary Waters Canoe Area legislation. The commissioner shall submit work programs and semi-annual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided for this purpose may be expended unless the commission has approved the pertinent work program.

\$750,000 the second year is available only to match federal money on a basis of 80 percent federal, 20 percent state.

\$300,000 each year is for emergency fire fighting. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. Except on an emergency basis, no part of this appropriation shall be expended for contracts for standby air tankers until the department has attempted to make similar arrangements for the use of air national guard tankers.

\$50,000 each year is additional funding for forest campground maintenance and development.

Fish Management

\$ 5,138,600 \$ 5,138,600

Supervision costs for rough fish contracts shall not exceed contract receipts. Special attention for stream maintenance and improvements shall be given to north-eastern and southeastern Minnesota trout streams.

Wildlife Management

\$ 5,416,600 \$ 5,423,600

1980

1981

\$

\$

\$615,000 each year is from the wildlife acquisition fund for the acquisition of wildlife management areas.

\$300,000 each year is for deer habitat improvement.

\$156,000 in the first year and \$163,000 the second year is from the game and fish fund for payments to counties in lieu of taxes.

Ecological Services

\$ 603,900 \$ 603,900

Parks and Recreation Management

\$ 7,562,800 \$ 7,528,000

\$197,000 in fiscal 1980, and \$197,000 in fiscal 1981 is for development and maintenance of canoe and boating routes.

The six regional trails coordinators now in the unclassified service shall be transferred without competitive examination to the classified civil service of the state. Positions and employees shall be placed in the proper classifications by the commissioner of personnel with compensation as those classifications carry. Employees above the maximum rate for their classification shall receive no further salary increases, except for cost of living adjustments and those increases authorized by Minnesota Statutes, Section 43.122, Subdivision 1, until their salary rate falls within the range for their classification. Incumbents of transferred positions shall receive the status and length of service credit that would have accrued to them had they originally been appointed to the classified civil service; however, the length of service shall not include seniority under the provisions of a collective bargaining agreement negotiated pursuant to sections 179.61 to 179.77, until the effective date of classified civil service status. All of the employees accrued vacation and sick leave shall be transferred to their credit, provided that in no event shall the amount transferred

1980

1981

\$

\$

exceed state limitations for classified employees.

\$1,207,500 each year represents unre-funded gas taxes paid for snowmobiles and shall be used for acquisition, development and maintenance of recreational trails and for related purposes. It is a condition of acceptance of this appropriation that the department shall submit a work program and semi-annual progress reports to the legislative commission on Minnesota resources in a form determined by the commission. None of the appropriation may be expended unless the commission approves the work program.

\$104,000 each year is for the program to employ needy elderly persons in the maintenance and operation of state parks.

Notwithstanding any other law to the contrary money appropriated for trails may be used to fence snowmobile trails to protect private property.

\$66,000 the first year and \$24,000 the second year is for payments in lieu of taxes on lands in Voyageurs national park and St. Croix Wild River state park. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Soil and Water Conservation Board

\$ 2,839,600 \$ 2,839,600

\$425,000 each year is for general purpose grants in aid to soil and water conservation districts.

\$225,800 each year is for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for flood plain management.

\$1,585,200 each year is for grants to soil and water conservation districts for cost sharing contracts for erosion control and water quality management.

1980

1981

\$

\$

\$250,000 each year is 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 shall not exceed 50 percent of total project costs or 50 percent of the local share if federal money is used. Priority shall be given to projects designed to solve lakeshore, stream bank, and roadside erosion and to projects eligible for federal matching money.

\$92,000 each year is for grants to soil and water conservation districts for review and comment on water permits.

The commissioner of natural resources shall develop a grant plan that incorporates flood plain management and soil and erosion control into an integrated statewide system for flood and soil and erosion control.

Enforcement of Natural Resources Laws and Rules

\$ 5,124,000 \$ 5,124,000

\$75,000 each year is for reservation conservation law enforcement. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$20,000 each year is from the game and fish fund for the purpose of controlling smelt fishing activities on the north shore, including development of parking facilities, traffic control, coordination of regulatory agencies, control of trespass and vandalism, control of littering and sanitation, and public information and education.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The commissioner shall attempt to secure from the law enforcement assistance administration federal money to improve the training of conservation officers in law enforcement techniques.

	1980	1981
	\$	\$
Planning and Research		
\$ 537,000	\$ 537,000	

It is a condition of acceptance of the appropriation for trails planning that the department shall submit a work program and semi-annual progress reports to the legislative commission on Minnesota resources in a form determined by the commission. None of the appropriation may be expended unless the commission approves the work program.

The commissioner of natural resources with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 27. ZOOLOGICAL BOARD

General Operations and Management...	5,045,600	4,828,200
Approved Complement—164		
General—162		
Special—2		

The amounts that may be expended from this appropriation for each program are as follows:

Visitor Services

\$ 1,203,700	\$ 1,200,700
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Zoo Ride

All receipts from the operation of the zoo ride shall be deposited in a special account in the state treasury. All receipts from the zoo ride are appropriated and available until June 30, 1981 for the purposes of the zoo ride. These receipts are the only money appropriated for zoo ride operating expenses or debt services.

Plant and Animal Sciences

\$ 1,147,400	\$ 1,133,000
--------------	--------------

	1980	1981
	\$	\$
General Support		
\$ 365,400	\$ 365,400	
Information and Education Services		
\$ 402,900	\$ 402,900	
Planning and Operations		
\$ 1,926,200	\$ 1,726,200	

\$200,000 in fiscal year 1980 is for a major maintenance reserve fund. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

The director of the Minnesota zoological garden with the approval of the commissioner of finance may transfer unencumbered balances among the above programs, except that he shall make no transfer into the zoo ride program. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

The fee structure for the Minnesota zoological garden shall not exceed \$3.00 for adults, age 17 and over, \$1.50 for juniors age 12-16, \$1.00 for children ages 6-11 and free for children 5 and under.

Sec. 28. WATER RESOURCES BOARD

90,600 90,600

Approved Complement---3

All hearings of the water resources board shall be solely in the performance of expressed statutory duties.

Up to \$8,000 of salaries each year may be used for field training of an employee who is a graduate of an engineering college, which sum shall be matched by watershed districts providing training experience through contractual agreements with the board.

Sec. 29. POLLUTION CONTROL AGENCY

General Operations and Management . . .	4,585,100	4,514,900
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	1980	1981
	\$	\$
Approved Complement—264		
General—156		
Federal—108		

The amounts that may be expended from this appropriation for each program are as follows:

Water Pollution Control

\$ 1,606,200 \$ 1,605,600

Air Pollution Control

\$ 604,100 \$ 578,300

\$50,000 the first year and \$25,000 the second year is for special studies. The agency shall negotiate with the federal government, or any agency, bureau, or department thereof, for the purpose of securing or obtaining any grants of assistance in the completion of these studies. Any unexpended balance remaining in the first year does not cancel but is available for the second year.

Solid Waste Pollution Control

\$ 482,100 \$ 481,700

\$40,000 each year is for automobile recycling. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Regional Support

\$ 458,800 \$ 460,500

General Support

\$ 1,433,900 \$ 1,388,800

\$204,800 the first year and \$159,800 the second year is for functions relating to the Reserve Mining project. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$60,000 each year is for costs related to the preparation of environmental impact statements on projects not subject to assessment for reimbursement. Any unencumbered balance remaining in the

1980

1981

\$

\$

first year does not cancel but is available for the second year.

The pollution control agency may establish 12 unfunded state complement positions for the fiscal years 1980 and 1981 as long as expenditures do not exceed state appropriations.

The health department shall continue to render staff services the agency requires from time to time through health's division of environmental health. The health department shall be reimbursed from the appropriation for general support for this cost.

The director of the pollution control agency with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above activities. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 30. ENERGY

General Operations and Management..	1,267,400	1,267,400
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Approved Complement—78

General—38

Federal—40

The amounts that may be expended from this appropriation for each activity are as follows:

Conservation

\$ 372,600	\$ 372,600
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Alternative Energy Development

\$ 93,300	\$ 93,300
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Data and Analysis

\$ 565,900	\$ 570,000
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General Support

\$ 235,600	\$ 231,500
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1980

1981

\$

\$

The director of the energy agency with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 31. NATURAL RESOURCES ACCELERATION

Subdivision 1. General Operations and Management 15,794,300 14,858,900

Approved Complement

1980—122 1981—106

General—118 102

Federal— 4 4

The amounts that may be expended from this appropriation for each activity are more specifically described in the following subdivisions of this section.

For all appropriations in this section, except as otherwise specifically provided, if the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 2. Legislative Commission on Minnesota Resources 224,900 224,900

The commission shall during the 1979-81 biennium review the work programs and progress reports required under subdivision 12 of this section and report its findings and recommendations to the committee on finance of the senate, committee on appropriations of the house of representatives and other appropriate committees. The commission shall establish oversight committees to continue review of a variety of natural resource subject areas as it deems necessary to carry out its legislative charge.

Subd. 3. State Planning Agency 4,765,900 4,232,500

	1980	1981
	\$	\$

Approved Complement—12

The amounts that may be expended from this appropriation for each activity are as follows:

(a) Copper Nickel Information Management

\$	23,400	\$	0
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For the environmental conservation library to catalogue and manage the reports and background material from the regional copper nickel study.

(b) Copper Nickel Study Review

\$	110,000	\$	0
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To provide continuity in developing legislative policy and assistance to the various agencies in analysis and decision making after the study is published.

The state planning agency is directed to make its final report to the committee on environmental and natural resources in the house of representatives and the committee on agriculture and natural resources in the senate no later than June 30, 1979. If the legislative committees require additional expert testimony and review after June 30, 1979, such expertise shall be funded from appropriations to the legislature. The state planning agency is further directed to deliver data and reports to the state agencies and ECOL, whichever the SPA determines appropriate. Information presented to ECOL shall be indexed for reference by the SPA before presentation.

(c) Aerial Photography

\$	150,000	\$	0
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To finish purchase of statewide high altitude aerial photographs.

(d) Outdoor Recreation Act Review

\$	32,500	\$	32,500
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1980

1981

\$

\$

Approved Complement—1

For the agency review process required in Minnesota Statutes, Chapter 86A.

(e) Land Use Change Analysis

\$ 75,000 \$ 75,000

Approved Complement—2

To develop rapid and inexpensive techniques to collect and analyze land use change for use in updating land use information.

(f) Computer Work Station

\$ 250,000 \$ 0

For purchase of a mini-computer to augment the Minnesota land management information system analysis techniques and service capability.

(g) Geographic Information System

\$ 50,000 \$ 50,000

Approved Complement—1

To develop improved capabilities for information organization and analysis and develop interface with other natural resource data systems.

(h) Satellite Data Analysis

\$ 35,000 \$ 35,000

Approved Complement—1

To develop technical and computer capabilities at the state level for enhanced use of LANDSAT information and technology.

(i) Automated Reference Index

\$ 40,000 \$ 40,000

Approved Complement—2

To provide a centralized source index for natural resource information, including information gathered by the copper nickel project.

(j) Local Recreation and Natural Areas Contingent Account

\$ 2,000,000 \$ 2,000,000

1980

1981

\$

\$

This appropriation is available to pay up to 50 percent of the total cost or 50 percent of the local share if federal matching funds are used, of long term lease, acquisition and development for recreational projects for the purposes described in Laws 1965, Chapter 810, Section 23, as amended by Laws 1969, Chapter 1139, Section 48, Subdivision 7, Paragraph g, except that no lake improvement grants are authorized under this subdivision and the per project limit for state grants is \$200,000.

\$1,000,000 of this appropriation each year is reserved for projects outside the metropolitan area as defined in Minnesota Statutes, Section 473.121, Subdivision 2.

The state planning agency shall administer the natural resources and land and water conservation fund grants-in-aid to local units of government. Notwithstanding any other law to the contrary these grants are not contingent upon the matching of federal grants.

This appropriation shall be expended with the approval of the governor after consultation with the legislative advisory commission. The legislative commission on Minnesota resources shall make recommendations to the legislative advisory commission regarding such expenditures.

(k) Regional Recreation and Natural Areas Contingent Account

\$ 2,000,000 \$ 2,000,000

This appropriation is available to pay up to 50 percent of the total cost or 50 percent of the local share if federal matching funds are used, for long term lease, acquisition and major development for recreation projects, natural areas and open space serving a regional need to counties, local units of government and special units of government authorized to acquire, maintain and operate recreational and natural areas.

\$2,000,000 of this appropriation shall be

1980

1981

\$

\$

reserved for projects outside the metropolitan area as defined in Minnesota Statutes, Section 473.121, Subdivision 2. Priorities for the use of funds provided in this subdivision will be given to projects eligible for federal funding and which are consistent with priorities established by regional recreation and open space plans.

The amount needed but not to exceed \$1,000,000 in fiscal year 1980 and \$1,000,000 in fiscal year 1981, from this appropriation shall be transferred to the metropolitan council to pay principal and interest coming due in the respective fiscal years on bonds issued pursuant to Laws 1974, Chapter 563, Section 7, Subdivision 2; none of this amount may be expended for professional services.

The state planning agency shall administer the natural resources and land and water grants-in-aid program.

This appropriation shall be expended with the approval of the governor after consultation with the legislative advisory commission. The legislative commission on Minnesota resources shall make recommendations to the legislative advisory commission regarding such expenditures.

(1) Recreation and Natural Areas Contingent Account Administration

Approved Complement—5

Of the amounts appropriated in paragraphs (g) and (h) of this subdivision, up to \$313,000 is available for administration.

Subd. 4. Department of Natural Resources

6,948,200

6,754,800

Approved Complement—86

The amounts that may be expended from this appropriation for each activity are as follows:

1980

1981

\$

\$

(a) State Park and Recreation Area Development

\$ 4,644,500 \$ 4,644,500

Approved Complement—28

To be expended in accordance with Minnesota Statutes, Chapter 86A. Of this amount, \$2,400,000 is appropriated from the state parks development account. At least 80 percent of the appropriation shall be spent only upon projects eligible for at least 50 percent federal match or reimbursement. Up to \$2,700,000 of the appropriation may be used for major rehabilitation. The department shall obtain great river road federal funding in all feasible projects. Up to \$1,304,000 of the appropriation is available for professional services.

(b) Outdoor Recreation Act Implementation

\$ 643,300 \$ 562,400

Approved Complement—31

For the master planning and other activities required by Minnesota Statutes 1978, Chapter 86A. Of this amount, \$600,000 and 14 staff complement are for parks, \$80,900 and 5 staff are for wildlife, through March 1980, \$455,000 and 11 staff are for wild, scenic and recreational rivers and \$69,800 and 1 staff for scientific and natural areas.

(c) Long Range Plan

\$ 173,800 \$ 173,800

Approved Complement—4

To continue development of a long range plan which lays out interdisciplinary goals, objectives, policies and an ongoing planning process to guide resource management in Minnesota. Data shall be collected in a format consistent and compatible with the Minnesota land management information system.

(d) Peat Inventory

	1980	1981
	\$	\$
\$ 96,500	\$ 96,500	

Approved Complement—4

To continue the inventorying of peat by reporting the type, quality, quantity and depth of an additional one million acres which will complete the reconnaissance inventory of the major peat bogs, including those with energy and chemical industrial use potential. Data shall be collected in a format consistent and compatible with the Minnesota land management information system. Grants or matching money received are appropriated for this purpose.

(e) Iron Range Information Analysis

\$ 50,000	\$ 0
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In addition to the \$25,000 in the regular budget for this purpose, this appropriation is for continued development and implementation of a system for pertinent information. Existing and prospective data shall be organized in a format consistent and compatible with the Minnesota land management information system and provided to that system. Money necessary for this project after March, 1980 shall be requested from the iron range resources and rehabilitation board.

(f) Heavy Metals Release Study

\$ 37,500	\$ 0
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Approved Complement—1

To develop techniques to control release of heavy metals from gabbro materials. The department shall propose relevant policies for gabbro development as a result of this study. Money necessary for this project after March, 1980 shall be requested from the iron range resources and rehabilitation board.

(g) Water Use Data System

\$ 41,000	\$ 41,000
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Approved Complement—1

1980

1981

\$

\$

Update and expand a water appropriations data base on withdrawals, use and discharge. The system shall be useable by all water resource managers in identifying withdrawal, use and discharge. The information shall be collected in a format consistent and compatible with the Minnesota land management information system.

(h) Floodwater Retention Assistance

\$ 531,400 \$ 531,400

Approved Complement—1

To assist the lower Red River watershed management board in providing up to 50 percent of the non-federal share of the cost of projects approved by the board for floodwater retention in the jurisdiction of the board. All available local, state, federal and private sources shall be requested to provide financial assistance. Of this amount, up to \$62,800 is available for the biennium to the department for staff and essential equipment.

(i) Stream Inventory and Data Retrieval Systems

\$ 68,700 \$ 68,700

Approved Complement—1

For development of standardized stream location and river mile indexing systems which will enhance the water management information system and be compatible with the Minnesota land management information system.

(j) Uranium Information

\$ 25,000 \$ 0

To prepare and publish a report by July 1, 1980 which summarizes and reviews available information on uranium mining and processing including geology, technology, leasing considerations, and environmental impacts.

1980

1981

\$

\$

(k) Accelerate Private Forest Management

\$ 251,000 \$ 251,000

Approved Complement—10

To provide increased technical management assistance to private non-industrial forest land owners throughout the state, and, in cooperation with the soil and water conservation board, encourage landowners to apply for available federal cost sharing assistance for implementation of practices. Of this amount, \$100,000 is available for a pilot project in the seven counties within the Richard J. Dorer memorial hardwood forest to provide up to 50 percent of the non-federal share of the costs of implementing forestry practices which are eligible for federal cost sharing assistance. After October 1, 1980, the unused portion for the pilot project may also be used for cost sharing assistance in other areas of the state as indicated by landowner interest and request.

(l) Fire Management Analysis

\$ 81,200 \$ 81,200

Approved Complement—3

To conduct a system analysis of fire management in the department's northwest number one and northeast number two regions. The results shall show the cost effective levels of protection in those areas and the method of analysis most applicable to the central, metropolitan and southern regions.

(m) Wildlife Management Area Inventory

\$ 29,300 \$ 29,300

Approved Complement—1

To begin a four year inventory of physical facilities and resource characteristics on approximately 200 units and prepare data processing programs for storage, re-

1980

1981

\$

\$

trieval and analysis. The information shall be collected in a format consistent and compatible with the Minnesota land management information system.

(n) Public Access to Metropolitan Area Lakes

\$ 250,000 \$ 250,000

For acquisition and development of access to lakes in the metropolitan area as defined in Minnesota Statutes 1978, Section 473.121, Subdivision 2. Expenditures for development shall not exceed 25 percent of the amount appropriated herein. Priorities shall be developed in conjunction with the metropolitan council and local units of government, so that free and indiscriminate access is available throughout the area. The department shall make every effort to maximize the use of local effort and finances in the program.

(o) Resource User Information

\$ 25,000 \$ 25,000

Approved Complement—1

For development of management information tools and processes which will provide current information needed for recreation policy and planning, and which will eliminate the need for future large scale appropriations for preparation of a statewide comprehensive outdoor recreation plan. Any expenditure necessary to maintain or update the processes developed herein shall be incorporated in the regular budget.

(p) Game Lake Management, Heron Lake

Jackson County

The department shall submit a current work program for the project authorized by Laws 1977, Chapter 455, Section 28, before spending any more of the appropriation.

	1980	1981
	\$	\$
Subd. 5. Water Planning Board	288,000	
Approved Complement—10		
<p>For continued operation of the board created in Minnesota Laws 1977, Chapter 446 through June 30, 1980, to provide for communication and evaluation of the framework water plan and to coordinate continued development of the water management information system.</p> <p>The water planning board is extended from June 30, 1979 through June 30, 1980. Minnesota Statutes 1978, Section 105.401 expires on June 30, 1980.</p>		
Subd. 6. Pollution Control Agency . . .	600,300	686,000
Approved Complement		
General—2		
Federal—4		

The amounts that may be expended from this appropriation for each activity are as follows:

(a) Lake Improvement Grants-in-Aid

\$ 527,400 \$ 527,400

Approved Complement—2

The agency shall administer this appropriation to provide grants-in-aid to local units of government including lake improvement districts. Only grant proposals eligible for aid from the federal water pollution control act, 33 U.S.C.A. Section 1324, shall be eligible under this program. State grants shall be available to provide up to 50 percent of the non-federal share of each project and available only to projects with an approved federal grant. This appropriation shall be expended with the approval of the governor after consultation with the legislative advisory commission. The legislative commission on Minnesota resources shall make recommendations to the legislative advisory commission regarding the expenditures. Of the appropriation, up to \$69,000 is available for administration.

1980

1981

\$

\$

(b) Lake Classification

\$	42,900	\$	128,600
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Approved Complement**Federal—4**

The agency shall classify publicly owned lakes in accordance with 33 U.S.C.A. Section 1324, Paragraph (a). \$42,857 of this appropriation shall be used to match available federal moneys for phase I. \$128,571 of this appropriation shall be used to match available federal money for phase II. Federal match money is appropriated.

(c) Feasibility Studies Grants-In-Aid

\$	30,000	\$	30,000
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The agency shall administer this appropriation to provide grants-in-aid to local units of government including lake improvement districts. Only grant proposals eligible for aid for feasibility studies under 33 U.S.C.A. Section 1324 shall be eligible for this program. State grants shall be available up to 50 percent of the non-federal share.

Subd. 7. Energy Agency

164,200

229,200

Approved Complement—3

The amounts that may be expended from this appropriation for each activity are as follows:

(a) Solar Technical Assistance

\$	96,600	\$	96,600
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Approved Complement—2

To increase the technical assistance to current and potential solar users in conjunction with the state solar office operation; evaluate passive solar retrofit techniques; prepare and publish manuals for adapting passive solar techniques and the economics of solar water heaters; and develop a media presentation on solar energy.

	1980	1981
	\$	\$
(b) Timber and Wood Residue		
\$ 52,600 \$ 52,600		

Approved Complement—1

To develop a plan for waste wood utilization and prepare a list of potential wood energy demonstration sites; develop engineering studies for wood utilization.

(c) Hydropower Development		
\$ 5,000 \$ 5,000		

To prepare feasibility studies on potential hydropower sites. All available federal funding shall be requested.

(d) Ice Air Conditioning Commercialization

\$ 10,000 \$ 75,000		
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For evaluation of ice air conditioning for commercial application.

Subd. 8. Regents of the University of Minnesota	1,515,600	1,444,200
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The amounts that may be expended from this appropriation for each activity are as follows:

(a) Non-Ferrous Minerals Directory		
\$ 20,000 \$ 0		

To the civil and mineral engineering school mineral resources research center for initial publication of a directory which addresses non-ferrous mineral activity. Future publication shall be requested in the regular budget.

(b) Accelerated Detailed Soil Survey		
\$ 772,700 \$ 772,700		

To the agricultural experiment station to continue the 12 year program begun in 1975 to provide detailed county soil surveys. Program costs shall be shared among local, state and federal governments on a prorata basis depending upon land ownership pattern.

1980

1981

\$

\$

(c) Aeromagnetic Mapping

\$	375,000	\$	375,000
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To the Minnesota geologic survey for airborne electronic measurement of statewide geology. If federal match money becomes available, it is appropriated along with this amount.

(d) Geology of Southeast Minnesota

\$	38,000	\$	38,000
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To the Minnesota geologic survey for continued analysis of the karst geology to determine subsurface drainage and hydrology.

(e) Engineering Geology

\$	50,000	\$	50,000
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To the Minnesota geologic survey for expanded mapping and data collection on the subsurface geology in part of the twin cities metropolitan area and preparation of the information for planning the use of underground space. Data shall be collected in a format consistent and compatible with the Minnesota land management information system and provided to that system as appropriate.

(f) Subsurface Geology Data

\$	90,000	\$	90,000
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To the Minnesota geologic survey to complete evaluation of existing well logs for geologic and hydrologic purposes, as initiated in Minnesota Laws 1977, Chapter 446. Data shall be collected in a format consistent and compatible with the Minnesota land management information system and provided to that system and the water management information system as appropriate.

(g) Underground Commercial Facility Design Study

\$	61,000	\$	61,000
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To the civil and mineral engineering school underground space center to de-

1980

1981

\$

\$

velop and publish the design criteria applicable to potential commercial construction in underground space.

(h) Multiple Residence Earth Sheltered Design Study

\$ 51,400 \$ 0

To the civil and mineral engineering school underground space center to develop and publish the design criteria applicable to multiple residential developments.

(i) Direct Reduction Technology Evaluation

\$ 57,500 \$ 57,500

To the civil and mineral engineering school mineral resources research center for analysis of innovative approaches to cost effective reduction of minerals aimed toward creating higher value concentrate at production facilities within the state.

Subd. 9. Minnesota Historical Society 75,000 75,000

Approved Complement—4

For the second and final biennium of the program to develop an archeologic data base which is compatible with the Minnesota land management information system. The society shall publish a report on the location, characteristics and significance for preservation of archeologic sites which will serve to eliminate the delays in environmental assessments and impact statements. Confidentiality and disclosure requirements shall be observed concerning publication of this report.

Subd. 10. Department of Health 12,200 12,300

Approved Complement—1

For completion of the development of a water well data system containing water quality information by geographic reference compatible with the water management information system.

Subd. 11. Department of Transportation 200,000 200,000

1980

1981

\$

\$

The department of transportation shall administer this appropriation to provide grants-in-aid to local units of government that qualify for funding of amenity projects under the federal great river road program. State grants shall be available to provide up to 50 percent of the non-federal share of each project.

Subd. 12. Work Programs

It is a condition of acceptance of the appropriations made by this section that the agency or entity receiving the appropriation shall submit work programs and semi-annual progress reports in the form determined by the legislative commission on Minnesota resources. None of the moneys provided in this section may be expended unless the commission has approved the pertinent work program.

Subd. 13. Complement Temporary

Persons employed by a state agency and paid by an appropriation in this section are in the unclassified civil service and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been expended, their positions shall be cancelled and the approved complement of the agency reduced accordingly.

Subd. 14. Natural Resources Federal Reimbursement Account

1,000,000

1,000,000

This appropriation is from the natural resources federal reimbursement account.

At least \$1,000,000 of this appropriation shall be used only for forestry matters deemed necessary by the legislative commission on Minnesota resources, including but not limited to a forestry study.

Sec. 32. COMMERCE

General Operations and Management . . .

5,257,300

5,236,000

Approved Complement—222

The amounts that may be expended from

1980

1981

\$

\$

this appropriation for each program are as follows:

Supervision of State Chartered Financial Institutions

\$ 1,823,900 \$ 1,818,900

The commissioner of banks shall cooperate with the state treasurer in the conduct of audits relating to unclaimed property.

Investment Protection

\$ 723,600 \$ 723,600

Consumer Services

\$ 588,300 \$ 588,300

Regulation of Insurance Companies

\$ 1,329,100 \$ 1,329,100

General Support

\$ 792,400 \$ 776,100

The commission with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations in the house of representatives.

Sec. 33. NON-HEALTH RELATED BOARDS

Subdivision 1. BOARD OF ABSTRACTORS

3,600

3,600

Subd. 2. BOARD OF ACCOUNTANCY

150,400

150,400

Approved Complement—3

Subd. 3. BOARD OF ARCHITECTURE, ENGINEERING AND LAND SURVEYING

214,700

219,700

Approved Complement—7

Subd. 4. BOARD OF BARBER EXAMINERS

80,700

80,700

Approved Complement—3

	1980	1981
	\$	\$
Subd. 5. BOARD OF BOXING.....	21,900	22,000
Approved Complement—1		
Subd. 6. BOARD OF COSMETOL- OGY	334,400	334,400
Approved Complement—14		
Subd. 7. BOARD OF ELECTRICITY	2,129,200	2,231,200
Approved Complement—18		
For 1979—\$135,000		
Subd. 8. BOARD OF PEACE OF- FICER STANDARDS AND TRAIN- ING		
General Operations and Management..	401,200	300,700
Approved Complement—8		
<p>\$200,000 of this appropriation the first year and \$100,000 the second year is for reimbursements to local governments for costs of substitute local protection while officers attend regular training courses. Reimbursement shall be for basic training only and not for in-service training. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.</p>		
Subd. 9. BOARD OF EXAMINERS IN WATCHMAKING	5,700	5,700
Sec. 34. LABOR AND INDUSTRY		
General Operations and Management...	5,325,300	5,322,900
Approved Complement—246		
General—207		
Federal—39		
<p>The amounts that may be expended from this appropriation for each program are as follows:</p>		
Employment Standards		
\$ 606,300	\$ 606,300	
Workers' Compensation		
\$ 2,722,600	\$ 2,720,200	

	1980	1981
	\$	\$

\$200,000 each year is for payment of peace officer survivor benefits pursuant to section 352E.04. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Code Enforcement

\$ 604,200	\$ 604,200
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OSHA

\$ 823,100	\$ 823,100
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General Support

\$ 569,100	\$ 569,100
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The commissioner of labor and industry with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 35. MEDIATION SERVICES

General Operations and Management..	762,200	768,100
Approved Complement—25		

Sec. 36. PUBLIC EMPLOYMENT RELATIONS BOARD

General Operations and Management..	43,300	43,300
Approved Complement—1		

Sec. 37. PUBLIC SERVICE

General Operations and Management..	3,573,700	3,545,200
Approved Complement—139		
General—129		
Federal—10		

The commission support staff includes one additional unclassified position available for assignment by the commission majority and minority.

The amounts that may be expended

	1980	1981
	\$	\$
from this appropriation for each program are as follows:		
Utility Regulation		
\$ 893,700	\$ 893,700	
Warehouse Regulation		
\$ 106,300	\$ 106,300	
Weights and Measures		
\$ 1,200,200	\$ 1,171,700	
General Support		
\$ 423,100	\$ 423,100	
Commission Support		
\$ 950,400	\$ 950,400	

The public service department with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations in the house of representatives.

Sec. 38. ECONOMIC DEVELOPMENT

General Operations and Management..	3,102,500	2,926,500
Approved Complement—61		
General—52		
Federal—9		

The amounts that may be expended from this appropriation for each program are as follows:

Finance and Business Development

\$ 653,900 \$ 653,900

Of this appropriation, \$90,000 in fiscal 1980 and \$90,000 in fiscal 1981 is for a grant to the Port Authority of Duluth.

Economic Development Assistance

\$ 415,600 \$ 415,600

Of this amount \$250,000 in fiscal year

1980

1981

\$

\$

1980 and \$250,000 in fiscal year 1981 is for community development corporations. No more than ten percent of this amount shall be expended for administrative costs. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. At least one half of the grant moneys for the community development corporations shall be for venture capital.

Of this amount, \$30,000 each year is for technical assistance in the area redevelopment administration program.

Small Business Development

\$ 144,000 \$ 164,800

\$60,000 in fiscal year 1980 and \$84,000 in fiscal year 1981 is for the Indian loan program.

Tourism Services

\$ 1,271,500 \$ 1,071,500

\$439,100 the first year and \$400,000 the second year is for tourism advertising and promotion.

\$370,000 the first year and \$228,000 the second year is for tourism grants.

No funds may be expended for the computerization of the processing of informational requests without the concurrence of the commissioner of Administration and an agreement that any arrangement is compatible with a total state information services plan.

Administration Services

\$ 617,500 \$ 620,700

The commissioner of economic development with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

	1980	1981
	\$	\$
Sec. 39. MILITARY AFFAIRS		
General Operations and Management . . .	3,646,700	3,646,700
Approved Complement—184		
General—137		
Federal—47		

Plus additional personnel as may be financed entirely from federal money for the period federal money is available.

The amounts that may be expended from this appropriation for each program are as follows:

Maintenance of Military Training Facilities

\$ 2,715,500 \$ 2,715,500

General Support

\$ 931,200 \$ 931,200

\$150,000 each year is for expenses of military forces ordered to active duty pursuant to chapter 192. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The adjutant general with the approval of the commissioner of finance may transfer unencumbered balances between the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Notwithstanding any other provision of this act or any other law, the portion of appropriations made in this section that relate to facility maintenance and repairs shall be available for allotment, encumbrance and expenditure upon passage of this act, for the purpose of financing federal reimbursement contracts.

Sec. 40. VETERANS AFFAIRS

General Operations and Management . . .	6,623,300	7,139,200
Approved Complement—281		

	1980	1981
	\$	\$

The amounts that may be expended from this appropriation for each program are as follows:

Veterans Benefits

\$ 1,126,900	\$ 1,126,900
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If the appropriation for either year is insufficient, the appropriation for the other year is available for it. Of this appropriation, \$40,000 each year is for war veterans and war orphans education aid, to be expended pursuant to Minnesota Statutes, Section 197.75.

Veterans Services

\$ 809,100	\$ 809,100
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Veterans Home—Minneapolis

\$ 3,235,100	\$ 3,751,000
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Veterans Home—Hastings

\$ 1,436,100	\$ 1,436,100
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If nondedicated receipts from the federal government and from maintenance charges for the veterans homes are less than \$3,546,000 for fiscal year 1980, and \$4,200,900 for fiscal year 1981, the commissioner of finance shall reduce the amount available to the veterans homes by the amount of the difference. The reductions shall be noted in the budget document submitted to the 72nd legislature.

Big Island Veterans Camp

\$ 16,100	\$ 16,100
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The commissioner of veterans affairs with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 41. PUBLIC SAFETY

General Operations and Management..	50,125,000	50,229,600
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	1980	1981
	\$	\$
	1980	1981
Approved Complement—	1714	1710
General—	411	409
Trunk Highway—	1023	1023
Highway User—	197	197
Federal—	83	81

The above approved complement includes 504 for all unclassified patrol officers and supervisors of the highway patrol. This complement shall not be exceeded during the biennium, except that 20 additional unclassified patrol officers for this biennium only may be employed and paid with federal money. 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 shall be reduced accordingly.

No new highway patrol supervisory positions shall be established, with the exception of special duty assigned ranks for the length of assignment only.

Of this appropriation, \$12,846,200 for the first year and \$12,838,200 for the second year are from the general fund; \$32,500 each year is from the state airports fund for the civil air patrol; \$30,028,500 for the first year and \$30,091,300 for the second year are from the trunk highway fund for traffic safety programs. The commissioner of finance shall transfer on a quarterly basis the appropriation made from the trunk highway fund in this section. \$7,217,800 for the first year and \$7,267,600 for the second year are from the highway user tax distribution fund for the administration of motor vehicle laws.

The amounts that may be expended from this appropriation for each program are as follows:

	1980	1981
	\$	\$
Administration and Related Services		
\$ 1,562,900	\$ 1,568,000	
Emergency Services		
\$ 418,900	\$ 418,900	
Criminal Apprehension		
\$ 6,951,200	\$ 6,914,600	
<p>Of this appropriation, \$171,000 each year is for grants to local officials for the co-operative 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.</p> <p>\$50,000 each year is for the bureau of criminal apprehension to continue to provide in-service training for peace officers on a regional basis.</p> <p>\$38,000 each year is for reimbursing political subdivisions for training peace officers and firefighters in the conduct of arson investigations.</p> <p>\$26,500 each year is for the expenses of the Private Detective and Protective Agency Licensing Board.</p>		
Fire Safety		
\$ 885,600	\$ 886,600	
<p>\$25,000 each year is for reimbursing political subdivisions who enter into agreements to perform uniform fire code inspections.</p>		
State Patrol		
\$ 20,389,300	\$ 20,598,600	
<p>The commissioner may assign up to 11 pilots to the air patrolling of highways. This appropriation provides sufficient money to operate the mobile truck weighing program on a 12 month basis.</p>		
Capitol Security		
\$ 910,800	\$ 920,200	
Driver and Vehicle Licensing		

	1980	1981
	\$	\$
\$ 17,877,100		\$ 17,793,500
Liquor Licensing		
\$ 447,200		\$ 447,200
Ancillary Services		
\$ 174,800		\$ 174,800

Of this appropriation \$32,500 each year is from the state airports fund for the civil air patrol.

Crime Victims Reparations Board

\$ 507,200	\$ 507,200
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For 1979—\$125,000

The commissioner of public safety with the approval of the commissioner of finance may transfer unencumbered balances not specified for a particular purpose among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Reimbursement. The sums of \$216,300 for the first year and \$222,400 for the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1980 and January 1, 1981 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.

The sums of \$293,600 for the first year and \$293,600 for the second year are appropriated from the highway user fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1980 and January 1, 1981 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 user purposes in the administration and related services program.

	1980	1981
	\$	\$
Sec. 42. CRIME CONTROL PLAN- NING BOARD	6,685,600	5,610,700

Approved Complement

1980—57	1981—53
General—24	20
Federal—33	33

The amounts that may be expended from this appropriation for each program are as follows:

Planning, Research and Evaluation
 \$ 800,500 \$ 446,400

Administration
 \$ 626,800 \$ 422,600

Law Enforcement Assistance
 \$ 5,258,300 \$ 4,741,700

\$250,000 each year is for grants for youth intervention programs.

Of the federal moneys received by the crime control planning board for law enforcement and criminal justice purposes in fiscal year 1980 and 1981, \$446,400 each year is for criminal justice planning, research and evaluation; \$425,700 in fiscal year 1980 and \$422,600 in fiscal year 1981 is for administration; and \$4,151,700 each year is for law enforcement assistance. If additional federal money is received by the board in fiscal year 1980 for state project grants, that amount and all federal money received by any state department or agency for law enforcement and criminal justice purposes is appropriated to the criminal justice contingent account. If additional federal money is received by the board for local project grants, that amount is appropriated to the board.

Sec. 43. INDIAN AFFAIRS INTER- TRIBAL BOARD	171,500	171,500
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Approved Complement—7

Sec. 44. COUNCIL FOR THE HANDICAPPED	270,500	272,500
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1980

1981

\$

\$

Approved Complement—9

Sec. 45. HUMAN RIGHTS

General Operations and Management.. 913,700 913,700

Approved Complement—50

General—38

Federal—12

The amounts that may be expended from this appropriation for each program are as follows:

Human Rights Enforcement

\$ 549,400 \$ 549,400

Management, Planning and Information Service

\$ 364,300 \$ 364,300

The commissioner of human rights with the approval of the commissioner of finance may transfer unencumbered balances among the above programs. Transfers shall be reported forthwith to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 46. COUNCIL ON AFFAIRS OF SPANISH-SPEAKING PEOPLE 78,600 78,600

Approved Complement—3

Sec. 47. MINNESOTA MUNICIPAL BOARD 147,100 147,100

Approved Complement—4

Sec. 48. HOUSING FINANCE AGENCY

Approved Complement—99

Spending limit on cost of general administration of agency programs:

1980 1981

\$ 2,235,100 \$ 2,235,100

Sec. 49. TORT CLAIMS 750,000 750,000

To be disbursed by the commissioner of finance.

1980

1981

\$

\$

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 50. DEBT SERVICE 78,947,400 85,084,500

To be disbursed by the commissioner of finance.

Sale expenses and principal and interest on the bonds and certificates of indebtedness for which an appropriation is made in this section shall be paid from these appropriations rather than from a statutory open appropriation for the same purpose. If any of these appropriations is insufficient to make all payments due during the period for which it is made, the commissioner of finance shall certify the amount of the deficiency to the committee on finance of the senate and the committee on appropriations of the house of representatives and shall then make payment pursuant to the statutory open appropriation.

Sec. 51. WORKERS' COMPENSATION

For 1979—\$380,600

To be transferred by the commissioner of finance to the department of labor and industry, state compensation revolving fund in payment of obligations incurred by the following agencies in the amounts as indicated:

Natural Resources 380,600

Of the amount appropriated, \$77,500 is from the game and fish fund.

The appropriations in this act for the operation of each state department or agency, except the department of natural resources, in fiscal 1980 and 1981 include amounts needed to pay workers' compensation obligations to the state compensation revolving fund. It is the intent of the legislature not to appropriate additional money at any future time to pay workers' compensation obligations for fiscal 1980 and 1981, except for the department of natural resources or as

1980

1981

\$

\$

may be required by an increase in the statutory level of workers' compensation benefits.

Sec. 52. UNEMPLOYMENT COMPENSATION

For 1979—\$1,641,600

To the commissioner of finance for transfer to the unemployment compensation fund in reimbursement for unemployment compensation benefits paid to former employees of the following agencies in the amounts as indicated:

Natural Resources	1,641,300.
Bicentennial Commission	300

Of the amount appropriated, \$297,500 is from the game and fish fund.

The appropriations in this act for the operation of each state department or agency, except the department of natural resources, in fiscal 1980 and 1981 include amounts needed to pay unemployment compensation obligations to the unemployment compensation fund. It is the intent of the legislature not to appropriate additional money at any future time to pay unemployment compensation obligations for fiscal 1980 and 1981, except for the department of natural resources or as may be required by an increase in the statutory level of unemployment compensation benefits.

Sec. 53. [TRANSFERS.] Subdivision 1. The commissioner of finance shall make the transfers provided for in this section.

Subd. 2. The commissioner shall transfer the sum of \$93,872.49 from the general fund to the highway user tax distribution fund to correct an overestimate in the cost of collecting the tax on gasoline and gasoline substitutes during the 1975-77 biennium.

Subd. 3. The commissioner shall transfer the sum of \$1,656,211.51 from the highway user tax distribution fund to the general fund to reimburse the general

fund for the cost of collecting the tax on gasoline and gasoline substitutes and the cost of bond premiums during the 1977-79 biennium.

Sec. 54. [DETAILS.] *The staffs of the senate finance committee and the house appropriations committee shall, at the request of agencies receiving appropriations in this act and the commissioner of finance, provide wherever available detailed information on the activities and objects of expenditures that go into the appropriation totals.*

Sec. 55. [HIBBING TANKER BASE FUNDING.] *Notwithstanding the provisions of Laws 1978, Chapter 791, Section 3, the appropriation for project (k) of that section, the Hibbing tanker base, is reduced to \$165,000 and is from the general fund. Any amount previously expended from the state airports fund for that project shall be reimbursed to the state airports fund from this appropriation, and all future expenditures shall be from the general fund.*

Sec. 56. [REVOLVING FUNDS; WORKING CAPITAL; CANCELLATIONS AND REAPPROPRIATIONS.] *Subdivision 1. (a) Notwithstanding any other law to the contrary, the paid in capital for the accounts and funds listed shall be in the following authorized amounts:*

Fund 90 Services Fund		\$212,000
State Register	188,000	
MCAR	24,000	
Fund 91 Central Motor Pool		300,000
Central Motor Pool	252,000	
Commuter Vans	2,000	
Delivery Services	46,000	
Fund 97 Computer Services		2,267,000
Computer Services	2,156,000	
Micrographics	111,000	
Fund 98 General Services		2,726,000
Central Maintenance	37,000	
Central Stores	691,000	
Central Mail	627,000	
Documents	307,000	
Office Equipment	134,000	
Printing	573,000	
Telecommunications	342,000	
Space Management	15,000	

(b) The June 30, 1979, non-cash asset inventory including furniture and equipment but excluding equipment being acquired through a lease-purchase agreement or equipment of the Central Motor Pool or Commuter Van Accounts is estimated to be:

Fund 90 Services Fund		22,000
State Register	19,000	
MCAR	3,000	
Fund 91 Central Motor Pool		56,000
Central Motor Pool	30,000	
Delivery Services	26,000	
Fund 97 Computer Services		499,000
Computer Services	450,000	
Micrographics	49,000	
Fund 98 General Services		1,287,000
Central Stores	530,000	
Central Mail	19,000	
Documents	252,000	
Office Equipment	91,000	
Printing	375,000	
Telecommunications	20,000	

(c) There is appropriated, as of July 1, 1979, from the general fund to the accounts and funds listed herein the amounts necessary to establish the paid in capital set forth in paragraph (a) less the amount of the non-cash inventory listed in paragraph (b). It is estimated the amount required from the general fund will be \$3,641,000. The amount necessary for each of the funds and accounts is estimated to be:

Fund 90 Service Fund		190,000
State Register	169,000	
MCAR	21,000	
Fund 91 Central Motor Pool		244,000
Central Motor Pool	222,000	
Commuter Vans	2,000	
Delivery Services	20,000	
Fund 97 Computer Services		1,768,000
Computer Services	1,706,000	
Micrographics	62,000	

<i>Fund 98 General Services</i>	1,439,000
<i>Central Maintenance</i>	37,000
<i>Central Stores</i>	161,000
<i>Central Mail</i>	608,000
<i>Documents</i>	55,000
<i>Office Equipment</i>	43,000
<i>Printing</i>	198,000
<i>Telecommunications</i>	322,000
<i>Space Management</i>	15,000

Subd. 2. The commissioner of finance shall cancel all retained earnings balances in the funds and accounts listed in subdivision 1, as represented by cash, as of the closing of the books for fiscal year 1979. The cancellations shall not be less than the amounts appropriated in subdivision 1 (c).

Subd. 3. There is appropriated from the general fund to the micrographics account in the computer services revolving fund the sum of \$206,900. This appropriation is immediately available.

This appropriation is for the purpose of repaying to the computer services account the amounts advanced and the book value of assets being used for the micrographics account. This appropriation shall immediately be used for this purpose. Upon receiving this repayment, the computer services account shall forthwith cancel the amount of \$206,900 to the general fund.

Sec. 57. Minnesota Statutes 1978, Section 4.12, is amended by adding a subdivision to read:

Subd. 8. The state planning officer may charge a fee to each user of the Minnesota land management information system.

Sec. 58. Minnesota Statutes 1978, Section 4.26, Subdivision 1, is amended to read:

4.26 [LOCAL LAND USE PLANNING; GRANTS.] Subdivision 1. In order to improve the land use decision-making capability of local government, the state planning agency shall make grants to the metropolitan council pursuant to section 4.30, and to towns, counties and , municipalities , and *Indian reservations* . The state planning agency shall give priority when granting funds to those areas that show a special need according to the provisions of clauses (a) and (b). The grants may be used to employ staff or contract with other units of government or qualified consultants for the following purposes:

(a) To prepare and implement plans which are required for certain areas by law or by designation as a critical area under chapter 116G.

(b) To prepare and implement plans which the unit of government is authorized by law to undertake for the management of problems resulting from (1) rapid population or economic growth or decline; (2) potential development in environmentally sensitive areas including but not limited to flood plains, wild and scenic

rivers, and shorelands; and (3) the addition or elimination of a major state or federal facility;

(c) To assist neighborhood organizations in cities of the first class to do land use and related planning by making grants to the municipality;

(d) To analyze and prepare plans to preserve and protect agricultural land as defined in Minnesota Statutes 1974, Section 500.24.

Sec. 59. Minnesota Statutes 1978, Section 5.08, Subdivision 2, is amended to read:

Subd. 2. [DISTRIBUTION.] 15,000 copies of the legislative manual shall be printed and distributed as follows:

(1) 50 25 copies shall be available to each member of the legislature on request;

(2) 50 copies to the state historical society;

(3) 25 copies to the state university;

(4) 60 copies to the state library;

(5) Two copies each to the library of Congress, the Minnesota veterans home, the state universities, the state high schools, the public academies, seminaries, and colleges of the state, and the free public libraries of the state;

(6) One copy each to the state institutions not hereinbefore mentioned, the elective state officials, the appointed heads of departments, the officers and employees of the legislature, the justices of the supreme court, the judges of the district court, the senators and representatives in Congress from this state, and the county auditors;

(7) One copy to each public school, to be distributed through the superintendent of each school district; and

(8) The remainder may be disposed of as the secretary of state deems best.

Sec. 60. Minnesota Statutes 1978, Section 10.31, is amended to read:

10.31 [MISAPPROPRIATION OF MONEY.] It is hereby made illegal for any official or head of any state department, or any employee thereof, to use moneys appropriated by Laws 1937, Chapter 457 law, or fees collected for any other purpose than the purpose for which such the moneys have been appropriated, and any such act by any head of a department, or any state official, is hereby declared to be illegal and be cause for immediate removal of such the official or head of a state department from the position he holds with the government of this state; or, if proof of such charge before any judge of any district court of this state, the court may cause such official or head of a state department to be removed upon proof being duly made of the misappropriation or for any other purpose than for which the appropriation was made, except in an emergency, and then only with the approval of the commissioner of administration.

Sec. 61. Minnesota Statutes 1978, Section 15.015, Subdivision 1, is amended to read:

15.015 [TRANSFER OF FUNCTIONS UNDER GOVERNMENT REORGANIZATION ACT OF 1969, EFFECT.] Subdivision 1. Any department or other administrative agency to which the functions, powers, and duties of a previously existing department or other agency are by Laws 1969, Chapter 1129 assigned and transferred shall be deemed and held to constitute a continuation of the former department or agency as to matters within the jurisdiction of the former department or agency, and not a new authority for the purpose of succession to all rights, powers, duties and obligations of the former department or agency as constituted at the time of such assignment or transfer except as otherwise provided by Laws 1969, Chapter 1129, with the same force and effect as if such functions, powers and duties had not been assigned or transferred. ~~Provided, however, all portions of the department of public safety's budget which incorporates expenditures from the highway user tax distribution fund shall be subject to the approval of the commissioner of transportation prior to the submission of such budget to the commissioner of administration.~~

Sec. 62. Minnesota Statutes 1978, Section 15.191, Subdivision 1, is amended to read:

15.191 [IMPREST CASH FUNDS.] Subdivision 1. [EMERGENCY DISBURSEMENTS.] Imprest cash funds for the purpose of making minor disbursements, and providing for change, *and providing employees with 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. 63. Minnesota Statutes 1978, Section 16.02, is amended by adding a subdivision to read:

Subd. 10a. No state agency shall lease additional space for its own use in any private building unless it has certified in writing to the commissioner of administration that it has thoroughly investigated the availability of presently vacant space in public buildings, such as closed school buildings, and found none that is feasible and adequate for its needs.

Sec. 64. Minnesota Statutes 1978, Section 16.02, is amended by adding a subdivision to read:

Subd. 27. To provide micrographics services and products to meet the needs of state agencies. Within available resources, the commissioner may also provide micrographic services to political subdivisions. All state agency plans and programs for micrographics shall be submitted to and receive the approval of the commissioner prior to implementation. Upon the commissioner's approval, subsidiary or independent microfilm operations may be implemented in other state agencies. The commissioner may direct that copies of official state documents be distributed to official state depositories on microfilm.

Sec. 65. Minnesota Statutes 1978, Section 16.822, Subdivision 3, is amended to read:

Subd. 3. "Architect" means an architect or landscape architect registered to practice under sections 326.02 to 326.16.

Sec. 66. Minnesota Statutes 1978, Section 16.825, Subdivision 1, is amended to read:

16.825 [REQUEST FOR DESIGNER.] Subdivision 1. Upon undertaking a project with an estimated cost greater than ~~\$250,000~~ \$400,000, or a planning project with estimated fees greater than ~~\$20,000~~ \$35,000 every user agency, except the capitol area architectural and planning board, shall submit a written request for a primary designer or designers for its project to the commissioner of administration who shall forward such the request to the board.

If a project for which a designer has been selected by the board becomes inactive, lapses or changes as a result of project phasing, insufficient appropriations or other reason, the commissioner of administration or the university of Minnesota may, if the project is reactivated, retain the same designer to complete the project.

If a project initially estimated to be below the cost and planning fee limits of this subdivision has its cost or planning fees revised so that the foregoing limits are exceeded, the project shall be referred to the board for designer selection even if a primary designer had been previously selected. In this event, the board may, without conducting interviews, elect to retain the previously selected designer if it determines that the interests of the state are best served thereby and shall notify the commissioner of administration of its determination.

Sec. 67. Minnesota Statutes 1978, Section 16.826, Subdivision 4, is amended to read:

Subd. 4. In the event the board receives a request for a primary designer on a project, the estimated cost of which is less than ~~\$250,000~~ the limit established by section 16.825, subdivision 1, or a planning project with estimated fees of less than ~~\$20,000~~ the limit established by section 16.825, subdivision 1, the board may submit such the request to the commissioner of administration, with or without recommendations, and the commissioner shall thereupon select the primary designer for the project.

Sec. 68. Minnesota Statutes 1978, Section 16.866, Subdivision 1, is amended to read:

16.866 [SURCHARGE.] Subdivision 1. [COMPUTATION.] For the purpose of defraying the costs of administering the provisions of sections 16.83 to 16.867, there is hereby imposed a surcharge on all permits issued by municipalities in connection with the construction of or addition or alteration to, buildings and equipment or appurtenances, on and after July 1, 1971, as follows:

Where the fee for the permit issued is fixed in amount the surcharge shall be equivalent to $\frac{1}{2}$ mill (.0005) of such fee or 50 cents, whichever amount is greater. For all other permits, the surcharge shall be equivalent to $\frac{1}{2}$ mill (.0005) of the valuation of

the structure, addition or alteration. Provided however, that where the valuation of the structure, addition, or alteration is equal to or greater than \$1,000,000 but less than \$10,000,000, the surcharge shall be \$1,000, where said valuation is equal to or greater than \$10,000,000 but less than \$20,000,000 the surcharge shall be \$1,500 and where said valuation is equal to or greater than \$20,000,000 the surcharge shall be \$2,000.

By September 1 of each odd numbered year beginning in 1979, the commissioner shall rebate to municipalities any money received pursuant to this section and section 16.851 in the previous biennium in excess of the cost to the building code division in that biennium of carrying out their duties under sections 16.83 to 16.867. The rebate to each municipality shall be in proportion to the amount of the surcharges collected by that municipality and remitted to the state. *The amount necessary to meet the commissioner's rebate obligations under this subdivision is appropriated to the commissioner from the general fund.*

Sec. 69. Minnesota Statutes 1978, Section 16.97, is amended to read:

16.97 [CRIMINAL AND JUVENILE DEFENSE GRANTS.]
Subdivision 1. Money appropriated for the provision of criminal and juvenile defense to indigent individuals shall be distributed by the ~~commissioner of administration in consultation with the attorney general~~ *judicial council* to the non-profit criminal and juvenile defense corporations designated by law. Money may not be disbursed to a corporation in the Leech Lake reservation area or the White Earth reservation area without prior approval by the respective reservation business committee. Within its geographic area of responsibility each corporation shall accept cases involving felony, gross misdemeanor, and misdemeanor charges, and juvenile cases, where financial eligibility standards are met, unless there is a legal reason for rejecting a case. A corporation may accept cases arising outside of its geographic area of responsibility, as it deems appropriate. *Each corporation, in order to insure broad support, shall provide matching money received from nonstate sources, which may include money from federal agencies, local governments, private agencies, and community groups, equal to ten percent of its state appropriation.* The ~~commissioner of administration~~ *judicial council* shall give notice 30 days in advance and conduct a hearing if ~~he~~ *it* has reasonable grounds to believe money appropriated for this purpose is being improperly used, or if, ~~in consultation with the attorney general,~~ *he* ~~it~~ has reasonable cause to believe criminal and juvenile defense of proper quality is not being supplied. Payment shall cease from the date of notice until either the ~~commissioner~~ *judicial council* determines that the money appropriated will be properly handled, or the ~~commissioner,~~ *in consultation with the attorney general,* *judicial council* determines that criminal and juvenile defense of proper quality will be provided. A participating corporation may give notice at any time of its withdrawal from this program of financial assistance.

Subd. 2. An employee, administrator, or officer of a recipient of

the money provided by this section who discriminates on the basis of sex, race, color, national origin, religion, or creed is guilty of a gross misdemeanor.

Subd. 3. Each corporation shall submit to the judicial council twice each year a report on a form supplied by the council showing the number of clients served; the number of charges brought; the number of cases of each kind, such as felonies, gross misdemeanors, misdemeanors, and juvenile delinquencies; the number of dispositions of each kind, such as jury trials, court trials, plea bargains, and dismissals; and the number of court appearances. This information shall be summarized for each corporation in the budget documents submitted to the legislature.

Sec. 70. [16.98] [COMPUTER SYSTEM DEVELOPMENT.] A state agency, not including the University of Minnesota, shall not undertake development of any new electronic data processing system or a modification or improvement of an existing system unless the project is evaluated according to the PRIDE methodology. Development shall not proceed beyond PRIDE phase 1 (system study and evaluation report) or phase 2 (system design manual) for a new system, or phase 8 activity A (prepare system modification or improvement request) for a modification or improvement estimated to cost over \$15,000, until the project has been reviewed and approved by the commissioners of administration and finance. If a project is rejected, the commissioner of finance shall cancel the unencumbered balance of the appropriation allotted for development of the project. If a project is approved by the commissioners of administration and finance, they shall submit to the legislature a concise narrative explanation of the project and a request for any additional appropriation necessary to complete development. No agency shall enter into non-negotiable contracts for computer services until after the completion of a PRIDE phase 2.

Sec. 71. [DATA PROCESSING, BUDGET SUPPLEMENT.] By December 1, 1979, the commissioner of administration in cooperation with the commissioner of finance shall submit to the legislature a data processing supplement to the governor's 1980-81 biennial budget request showing all requests for money for personnel, hardware, software, pro rata telecommunication cost, and other expenses, including all contracting costs, related to data processing systems and services for fiscal year 1981, whether to be provided by the information systems division of the department of administration or otherwise, with a concise narrative explanation of each request for money for development of a new electronic data processing system or for modification or improvement of an existing system.

Sec. 72. Minnesota Statutes 1978, Section 16A.126, is amended to read:

16A.126 [COMMISSIONER TO APPROVE BILLING RATES FOR REVOLVING FUNDS.] The commissioner of finance shall approve the rates at which services are billed state departments or agencies by any revolving fund. In order to reduce revolving fund reserves maintained for unforeseen needs and thereby reduce the

rates which using agencies must pay, the commissioner may transfer moneys not otherwise appropriated in the general fund to a revolving fund if, in the commissioner's judgment, a bona fide, immediate expenditure is necessary and if there are insufficient moneys in the revolving fund to meet the expenditure. Any moneys so transferred, shall be repaid to the general fund on a schedule established by the commissioner of finance but within two a period not to exceed five calendar years from the revolving fund charges paid by benefited state departments and agencies.

Sec. 73. Minnesota Statutes 1978, Section 21.55, is amended to read:

21.55 [SEED ACT ACCOUNT.] All fees collected in the seed laboratory under section 21.51, subdivision 7, from the sale of seed sale tags and stamps or from permits issued under section 21.53, and from hybrid seed corn registrations and renewals under section 21.54, subdivision 2, and any other fees and income received in the administration of sections 21.47 to 21.58 shall be deposited in the state treasury as other departmental receipts are deposited, but shall constitute a separate account known as the seed act account which is hereby created and set aside and appropriated for the purpose of defraying the expenses of administering and enforcing such sections and credited to the general fund.

Sec. 74. Minnesota Statutes 1978, Section 43.067, Subdivision 1, is amended to read:

43.067 [SALARY LIMITS.] Subdivision 1. [AGENCY HEADS AND DEPUTIES.] The base salary of the head of any state department or other agency in the executive branch shall serve as the upper limit of compensation in the agency. The base salary of the chancellor of the state university system is the upper limit of compensation of state university presidents. *The base salary of the commissioner of labor and industry is the upper limit of compensation of employees in the bureau of mediation services.* Within the agency, no person other than the agency head shall be paid more than the base salary that is or would be paid a deputy agency head pursuant to section 15A.081 whether or not there is a deputy agency head position for that agency.

Sec. 75. Minnesota Statutes 1978, Section 85A.02, Subdivision 12, is amended to read:

Subd. 12. The board shall report to the department of economic development on or before December 1 legislature by January 1 of each year on the activities of the board and the operation of the zoological garden. The commissioner of economic development shall evaluate the activities of the board and the operation of the zoological garden and report thereon to the legislature on or before November 15 of each even numbered year.

Sec. 76. Minnesota Statutes 1978, Section 85A.03, Subdivision 4, is amended to read:

Subd. 4. As directed by the board, the director may:

(a) Establish a schedule of charges for admission to or the use of the Minnesota zoological garden or any related facility.

(b) Provide for the purchase, reproduction, and sale of gifts, souvenirs, publications, informational materials, food and beverages, and grant concessions for the sale of such items. Revenues received from the sale of gifts, souvenirs, publications, informational materials, food and beverages shall be deposited to the credit of the Minnesota zoological garden general account *fund*. The purchase of materials and commodities for resale and the granting of any concessions relative to food, beverages, and transit shall not be subject to the competitive bidding procedures of sections 16.06, 16.07, and 16.28 but shall remain subject to all other provisions of chapter 16. In other areas of concessions the commissioner of administration may determine that it is not feasible and not in the public interest to award a contract for the operation of such concession to the highest responsible bidder.

Sec. 77. Minnesota Statutes 1978, Section 85A.03, Subdivision 5, is amended to read:

Subd. 5. In order to encourage and permit the use of and access to the Minnesota zoological garden, the board shall establish an admissions policy providing for free admission to the Minnesota zoological garden for all visitors on certain days distributed throughout each year.

Sec. 78. Minnesota Statutes 1978, Section 85A.04, Subdivision 1, is amended to read:

85A.04 [ZOOLOGICAL GARDEN ACCOUNTS OPERATING RECEIPTS.] Subdivision 1. A Minnesota zoological garden general account is created in the general fund. All receipts from the operation of the Minnesota zoological garden shall be deposited to the credit of such account *the general fund*. Money in this account may be expended as appropriated biennially for operation, capital improvements, and equipment of the Minnesota zoological garden, including lease rentals and for acquisition of wild and domestic animals therefor and for payment of the principal of and interest on Minnesota state zoological garden bonds.

Sec. 79. Minnesota Statutes 1978, Section 85A.04, Subdivision 2, is amended to read:

Subd. 2. [MINNESOTA ZOOLOGICAL GARDEN BUILDING ACCOUNT.] A Minnesota zoological garden building account is also created in the general *state building fund*, for the purpose of providing money to the state zoological board for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the Minnesota zoological garden; including but not limited to interest to accrue during the period of the construction thereof on money borrowed by the state for such construction. On November 1 in each year prior to the completion of the Minnesota zoological garden and related facilities the balance, if any, on hand in this account in excess of the amount determined by the board to be needed for the payment of claims then due and payable, encumbrances, and projected expenditures for necessary expenses of such completion shall be transferred to the state zoological garden bond account in the state bond fund,

to the amount required for compliance with section 85A.05, subdivision 4. Proceeds of state bonds and income from investment of that money credited to this fund are appropriated for land acquisition, animal acquisition, construction, and other permanent improvement and shall be available until the purposes for which the appropriation was made have been accomplished or abandoned, and none of such money shall be canceled. Income from investment of such money shall be credited to this account in each fiscal year. When the purpose of any such appropriation has been accomplished or abandoned, the state zoological board shall so certify to the commissioner of finance. Thereupon the unexpended balance of such appropriation, unless transferred under authority of the appropriation act to another purpose therein designated, shall be transferred and credited to the state bond fund. Amounts so transferred and credited are appropriated for the purpose of reducing the amount of tax otherwise required to be levied for the state bond fund by Article 11, Section 7, of the Constitution, or for reimbursing the bond fund for amounts previously transferred to the state zoological garden bond account so as to eliminate any prior deficiency covered by the state bond fund, the general fund in the state treasury, or through a tax levy.

Sec. 80. Minnesota Statutes 1978, Section 85A.05, Subdivision 3, is amended to read:

Subd. 3. [EXPENSES.] All expenses incidental to the sale, execution, delivery and other expenses of bonds pursuant to this section, including but not limited to actual and necessary travel and subsistence expenses of state officers and employees for such purposes, shall be paid from the Minnesota zoological garden building account ~~in the general fund~~, and the amounts necessary therefor are appropriated from that account; provided that if any amount is specifically appropriated for this purpose in an act authorizing the issuance of bonds pursuant to this section, such expenses shall be limited to the amount so appropriated.

Sec. 81. Minnesota Statutes 1978, Section 85A.05, Subdivision 4, is amended to read:

Subd. 4. [MINNESOTA STATE ZOOLOGICAL GARDEN BOND ACCOUNT IN THE STATE BOND FUND.] The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account which shall be designated as the state zoological garden bond account, to record receipts and disbursements of money transferred to the fund to pay Minnesota zoological garden bonds and income from the investment of such money, which income shall be credited to the account in each fiscal year. The amounts directed by section 85A.04, ~~subdivisions 1b and subdivision 2~~ to be transferred annually to this bond account are appropriated thereto, and the legislature may also appropriate to the bond account any other money in the state treasury not otherwise appropriated. On November 1 of each year there shall be transferred to the bond account all of the money then available under any such appropriation or such lesser sum as will be sufficient, with all money previously transferred to the

account and all income from the investment of such money, to pay all principal and interest then and theretofore due and all principal and interest to become due to and including July 1 in the second ensuing year on Minnesota zoological garden bonds. All money so transferred and all income from the investment thereof shall be available for the payment of such bonds and interest thereon, and so much thereof as may be necessary is appropriated for such payments. The state auditor and treasurer are directed to make the appropriate entries in the accounts of the respective funds.

Sec. 82. Minnesota Statutes 1978, Section 85A.05, Subdivision 6, is amended to read:

Subd. 6. [BOND AUTHORIZATION AND APPROPRIATIONS.] For the purpose of providing money for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the Minnesota zoological garden in accordance with the comprehensive plan of the state zoological board adopted in accordance with section 85A.02, subdivision 2, the commissioner of finance is directed to sell and issue Minnesota zoological garden bonds in the amount of \$23,025,000 in the manner and upon the conditions provided in subdivisions 1 to 5. The commissioner of finance may sell or issue an additional \$2,350,000 of bonds, but no part thereof shall be expended unless equally matched by other than state appropriations. Any gifts, grants, or contributions accepted pursuant to section 85A.02, subdivision 5, other than contribution of lands by governmental entities, for the establishment or operation of the Minnesota zoological garden, whether in cash or in kind, shall be considered as matching funds. Non-cash items shall be tangible real or personal property and shall be attributed as matching funds according to their fair market value at the time of receipt. The bonds may include a sum representing interest to accrue on the bonds from and after its date of issue through the anticipated period of construction and development of the zoological garden, which sum is needed for the payment and security of the interest payments during that period, but in no event shall the bonds exceed the maximum amount stated above. The bonds shall be sold, issued, and secured as provided in subdivisions 1 to 5 and in Article 11, Section 7, of the Constitution, except that none of the bonds of any series issued pursuant to this authorization shall mature earlier than one year after the date of completion of the Minnesota zoological garden and related facilities as estimated by the state zoological board at the time of the issuance of such series. The proceeds of the bonds, except premium and accrued interest, are appropriated to the Minnesota zoological garden building account in *the general fund*, for expenditure by the state zoological board for the purpose for which the bonds are authorized in accordance with the provisions of section 85A.04, subdivision 2. In order to reduce the amount of taxes otherwise required by the Constitution to be levied for the payment of interest and principal on the bonds, there is also appropriated annually to the Minnesota state zoological bond account in the state bond fund from the general fund a sum of money sufficient in amount, when added to the balance on hand

on November 1 in each year in the bond account, to pay all principal and interest due and to become due on the bonds to and including July 1 in the second ensuing year. The money received and on hand pursuant to this annual appropriation is available in the state bond fund prior to the levy of the tax in any year required by the Constitution and by subdivision 5 and shall be used to reduce the amount of the tax otherwise required to be levied.

Sec. 83. Minnesota Statutes 1978, Chapter 86, is amended by adding a section to read:

[86.76] [NATURAL RESOURCES FEDERAL REIMBURSEMENT ACCOUNT.] *Subdivision 1. Except as otherwise specifically provided, federal reimbursements and match money received for the purposes described in chapter 86, regardless of the source of state match, credit or value used to earn the reimbursement or match, other than the federal match for state money appropriated to the local recreation and natural areas grant-in-aid account, shall in the first instance be credited to a federal receipt account by the state agency receiving the reimbursement or match. Any state department or agency, including the Minnesota historical society and the university of Minnesota, that receives reimbursements or matching moneys as described above shall transfer those amounts to the natural resources federal reimbursement account.*

Subd. 2. Money appropriated from the account shall be expended for state land acquisition and development that is part of a natural resources acceleration activity, when the acquisition and development is deemed to be of an emergency or critical nature. In addition this money is available for studies 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.

Subd. 3. Requests for allocation from the account for acquisition or development shall be accompanied by a certificate signed jointly by the director of the state planning agency and commissioner of natural resources, showing a review of the application against Minnesota Statutes, Chapter 86A. Copies of the certification shall be submitted to the appropriate legislative committees and commissions. Appropriations from the account shall be expended with the approval of the governor after consultation with the legislative advisory commission. The legislative commission on Minnesota resources shall make recommendations to the legislative advisory commission regarding the expenditures.

Subd. 4. Any land and water conservation fund moneys received over and above the normal state apportionment from that fund are appropriated for the purposes of the reimbursement account. This appropriation is in addition to any amounts appropriated from the account as direct appropriations.

Sec. 84. Minnesota Statutes 1978, Section 07.482, Subdivision 2, is amended to read:

Subd. 2. There is hereby annually appropriated \$15,000 to The commissioner may expend money for use in developing, preserv-

ing, restoring and maintaining the water fowl breeding grounds in Canada, under agreement or contract with any nonprofit organization dedicated to the construction, maintenance, and repair of such projects which are acceptable to the governmental agency having jurisdiction over the land and water affected by such projects. Such agreements and contracts may be entered into if the commissioner is satisfied that the use of such funds will be beneficial to the migration of waterfowl into the state of Minnesota.

Sec. 85. Minnesota Statutes 1978, Section 116E.03, Subdivision 4, is amended to read:

Subd. 4. [RELATING TO REGIONAL ENVIRONMENTAL EDUCATION COUNCILS.] The state board shall coordinate the activities of the regional environmental education councils and shall adopt rules and regulations relating to the activities of regional councils to assure that such activities are consistent with the state board's plan for environmental education throughout the state. *At least half of the money spent by the state board and regional councils shall be for cooperation with and service for other groups, agencies, and institutions for the dissemination of environmental information.*

Sec. 86. Minnesota Statutes 1978, Section 168.54, Subdivision 4, is amended to read:

Subd. 4. ~~There is hereby imposed~~ A fee of \$2 *is imposed* upon every transfer of ownership by the commissioner of public safety of any motor vehicle for which a registration certificate has heretofore been issued under this chapter, except vehicles sold for the purposes of salvage or dismantling or permanent removal from the state.

Sec. 87. Minnesota Statutes 1978, 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 ~~said revolving~~ *the general fund*.

Sec. 88. Minnesota Statutes 1978, Section 168A.31, Subdivision 1, is amended to read:

168A.31 [DISPOSITION OF FEES; PAYMENT OF EXPENSES.] Subdivision 1. All fees prescribed by sections 168A.01 to 168A.31 collected by the department shall be paid into the ~~transfer of ownership revolving general fund established by Minnesota Statutes 1969, Section 168.54.~~

Sec. 89. Minnesota Statutes 1978, Section 179.04, is amended to read:

179.04 [EXPENSES; FEES.] *Subdivision 1.* The director of mediation services and his employees, or any special mediator, shall be paid their actual and necessary traveling and other expenses incurred in the performance of their duties. Vouchers for such expenses shall be itemized and sworn to by the person incurring the expense.

Subd. 2. The director shall charge a fee to each participant at a labor relations education seminar or workshop so that all expenditures except salaries of bureau employees are reimbursed at least 100 percent. Receipts shall be credited to the general fund.

Sec. 90. Minnesota Statutes 1978, Section 179.72, Subdivision 1, is amended to read:

179.72 [PUBLIC EMPLOYMENT RELATIONS BOARD; POWERS AND DUTIES; ARBITRATION.] Subdivision 1. There is hereby established a public employment relations board with the powers and duties assigned to it by this section. The board shall consist of five members appointed by the governor of the state of Minnesota with the advice and consent of the senate. Two members shall be representative of public employees; two shall be representative of public employers; and one shall be representative of the public at large. Public employers and employee organizations representing public employees may submit for consideration names of persons representing their interests to serve as members of the board. The board shall select one of its members to serve as chairman for a term beginning May 1 each year. ~~The director of mediation services shall provide secretarial and administrative services to the board.~~

Sec. 91. Minnesota Statutes 1978, Section 180.03, Subdivision 2, is amended to read:

Subd. 2. Every person, firm or corporation that is or has been engaged in the business of mining or removing iron ore, taconite, semitaconite or other minerals except sand, crushed rock and gravel by the open pit method in any county which has appointed an inspector of mines pursuant to section 180.01 shall erect two inch by four inch mesh fencing along the outside perimeter of the excavation, open pit, or shaft of any mine in which mining operations have ceased for a period of six consecutive months or longer. The top and bottom wire shall not be less than 9 gauge and the filler wire shall not be less than 11 gauge. The fencing shall be not less than five feet in height with two strands of barbed wire six inches apart affixed to the top of the fence. The fence posts shall be no more than ten feet apart. In the case of open pit mines in which mining operations cease after November 1, 1979, *and before March 1, 1980, the fencing shall be erected as soon as possible after March 1, 1980. Where mining operations cease on or after March 1, 1980, the fencing shall be erected forthwith.* In the case of open pit mines in which mining operations had ceased for a period of six consecutive months or longer before November 1, 1979, and not resumed, the fencing shall be erected within one year *two years* after November 1, 1979. Any fencing required by an inspector of mines pursuant to subdivision 3 or other applicable law shall meet the standards of this section as a minimum. This subdivision does not apply to any excavation, open pit, or shaft, or any portion thereof, exempted from its application by the commissioner of natural resources pursuant to laws relating to mine-land reclamation or exempted from its application by the county mine inspector pursuant to subdivision 4.

Sec. 92. Minnesota Statutes 1978, Section 197.16, is amended to read:

197.16 [COMMISSIONER TO MANAGE APPROPRIATION.] The commissioner of veterans affairs shall have the management and control of all state appropriations made for the use and benefit of such recreation and recuperation camp, and all expenditures made from such appropriations. The commissioner of veterans affairs shall make requests for such appropriations from the legislature as may be deemed necessary with which to make appropriate improvements on the tract of land to be used for such camp, and with which properly to carry out the purposes of sections 197.13 to 197.17 and shall appear before the proper committee of the legislature to explain the requests. The commissioner of veterans affairs is hereby empowered to accept such donations, contributions, gifts, and bequests of real or personal property as may be made to it in order to further the purposes of sections 197.13 to 197.17, and to carry out such trusts thereby created as may not be inconsistent with the purposes of sections 197.13 to 197.17. *The commissioner may establish and collect fees for use of the facilities of the Big Island Veterans Camp, the proceeds of which are appropriated to the commissioner for the general operation and maintenance of the camp.*

Sec. 93. [198.075] *No commissary privileges including food, laundry service, janitorial service, and household supplies shall be furnished to any employee of the Minnesota veterans home.*

Sec. 94. Minnesota Statutes 1978, Section 198.31, is amended to read:

198.31 [VETERANS HOME, HASTINGS.] Control of the state hospital facilities at Hastings is transferred to the commissioner of veterans affairs. This transfer includes the cemetery. The commissioner shall establish a ~~150~~ 200 bed veterans home in these facilities. The veterans home shall be licensed in accordance with the boarding care rules of the department of health. To the extent practical, the veterans home at Hastings shall be operated in the same manner as provided for the Minnesota veterans home at Minneapolis by sections 198.001 to 198.265.

Sec. 95. Minnesota Statutes 1978, 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 clerk of the tax court an appeal fee of \$10 \$25; 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. The provisions of chapter 563, providing for proceedings in forma pauperis, shall also apply for appeals to the tax court.

Sec. 96. Minnesota Statutes 1978, Chapter 299C, is amended by adding a section to read:

[299C.065] [UNDERCOVER BUY FUND.] *Subdivision 1. The commissioner of public safety shall make grants to local officials for the cooperative investigation of cross jurisdictional criminal activity relating to the possession and sale of controlled substances, receiving or selling stolen goods, violations of section 609.32, subdivision 2 or subdivision 3, clauses (3) or (6) or any other state or federal law prohibiting the recruitment, transportation, or use of juveniles for purposes of prostitution.*

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. 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 sources or undercover investigators is a confidential record. A report at the conclusion of an investigation is a public record.

Sec. 97. Minnesota Statutes 1978, Section 299C.07, is amended to read:

299C.07 [RESTORATION OR DISPOSAL OF STOLEN PROPERTY.] The bureau of criminal apprehension shall make every effort for a period of ~~one year~~ 90 days after the seizure or recovery of abandoned or stolen property to return ~~such~~ the property to the lawful owner or to the sheriff of the county from which it was stolen.

Any such property held by the bureau for more than ~~one year~~ 90 days, in case the owner cannot be found or if it cannot be determined from what county the property was stolen, shall be sold at public auction by the superintendent of the bureau, or his agent, after two weeks' published notice thereof in a legal newspaper in Ramsey county, stating the time and place of ~~such~~ the sale and a list of the property to be sold.

The proceeds of ~~such~~ the sale shall be applied in payment of the necessary expenses of the sale and all necessary costs, storage, or

charges incurred in relation to such the property. The balance of the proceeds of such sales shall be paid into the general fund.

Sec. 98. Minnesota Statutes 1978, Section 362.12, is amended by adding a subdivision to read:

Subd. 4. The commissioner may enter into project agreements with organizations or corporations for the purpose of developing the tourism potential of the state. If in the judgment of the commissioner a project will make a meaningful contribution to the tourism development of the state, he may enter into local or regional agreements. The commissioner shall not agree to pay more than 50 percent of the total annual project cost.

Sec. 99. Minnesota Statutes 1978, Section 362.20, is amended to read:

362.20 [SALE OF PAMPHLETS AND PUBLICATIONS; FEES; ADVERTISING.] *Subdivision 1. The commissioner shall have authority to may sell , at their approximate cost to the state, such reports, publications , or related publicity or promotional material of the department as that in his judgment should not be supplied gratis to those who wish to employ them in the conduct of their business.*

Subd. 2. The commissioner shall recommend a schedule of fees pursuant to section 16A.128 to be charged for these materials and for services rendered by the department in furnishing them. The fees prescribed by the commissioner shall be commensurate with the distribution objective of the department for the material produced or with the cost of furnishing the services. All fees for materials and services shall be deposited in the general fund.

Subd. 3. Department publications may contain advertising and may receive advertising revenue from profit and nonprofit organizations, associations, individuals and corporations, and other state, federal or local government agencies. Advertising revenues shall be deposited in the general fund. The commissioner shall set advertising rates and fees commensurate with services rendered and distribution objectives.

Sec. 100. Minnesota Statutes 1978, Section 362.40, Subdivision 9, is amended to read:

Subd. 9. A reservation resident, desiring to make a loan for the purpose of starting a business enterprise or expanding a going , expanding an existing business, or for technical and management assistance, shall make application to the state department of economic development. The department shall prescribe the necessary forms, and advise the prospective borrower as to the condition conditions under which his application may be expected to receive favorable consideration. Thereafter the application shall be forwarded to the tribal council, which is empowered either to approve or reject the application. The tribal council shall recommend to the department that the loan be accepted or rejected. The department shall approve or reject the application taking the tribal council recommendation into consideration. If the application is

approved, the tribal council ~~department~~ shall forward the application, together with all relevant documents pertinent thereto, to the commissioner of finance, who shall draw his warrant in favor of the tribal council with appropriate notations identifying the borrower. The tribal council shall thereafter reimburse suppliers and vendors for purchases of equipment, real estate and inventory made by the borrower pursuant to the conditions or guidelines established by the state department of economic development. The tribal council shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. Simple interest at two percent of the amount of the debt owed shall be charged. When any portion of a debt is repaid, the tribal council shall remit the amount so received plus interest paid thereon to the state treasurer *through the department of economic development* . The amount so received shall be credited to such reservation residents loan account. The tribal council shall secure a bond from a surety company, in favor of the state treasurer, in an amount equal to the maximum amount to the credit of such reservation residents loan account during the fiscal year. *Additional money equal to ten percent of the total amount made available to any tribal council during the fiscal year shall be paid to such council prior to December 31 for the purpose of financing administrative costs.*

Sec. 101. Minnesota Statutes 1978, Section 362.40, Subdivision 10, is amended to read:

Subd. 10. A nonreservation resident desiring to make a loan for the purpose of starting a business enterprise , or expanding a *going an existing business , or for technical and management assistance* shall make application to the state department of economic development, on forms prescribed by the department. The department is empowered to either accept or reject the application, based upon guidelines and conditions essentially similar to those used for the purpose of *recommending approval or rejection of reservation residents by the tribal council approving or rejecting reservation loans* under subdivision 9. If the application is approved by the state department of economic development, the department shall forward the application, together with all the relevant documents pertinent thereto, to the commissioner of finance, who shall draw his warrant in favor of the commissioner of economic development, with appropriate notations identifying the borrower. The department of economic development shall thereafter reimburse suppliers and vendors for purchases of equipment, real estate and inventory made by the borrower pursuant to the conditions or guidelines established by the department. The department of economic development shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. Simple interest at two percent shall be charged. When any portion of a debt is repaid, the department of economic development shall remit the amount so received plus interest paid thereon to the state treasurer. The amount so received shall be credited to the nonreservation residents loan account.

Sec. 102. Minnesota Statutes 1978, Section 362.40, Subdivision 11, is amended to read:

Subd. 11. Loans made under subdivisions 9 and 10 shall be limited to a period of 20 years, if made for the purpose of financing nonreal estate purchases. Loans made for the purpose of financing real estate purchases, where such real property is to be used for nonresidential purposes only, shall be limited to a period of 40 years, and shall be a lien on the real property so acquired. *Under no circumstances shall the state take a position junior to third lien. In instances where it is impossible or undesirable to secure a lien against real property, the state may secure a lien against personal property for an amount equal to the face value of the loan.*

Sec. 103. Minnesota Statutes 1978, Section 472.11, Subdivision 9, is amended to read:

Subd. 9. The state agency is empowered to provide technical assistance ~~grants or~~ loans from the development revolving fund for the development and planning of redevelopment projects. The technical assistance ~~grants or~~ loans may be provided through the payment of funds to: (a) other state agencies or departments; (b) the employment of private individuals; (c) the employment of public, private, or nonprofit firms; (d) state, area, district, or local organizations; or (e) other nonprofit institutions. Funds awarded pursuant to clauses (b) and (c) shall be in the form of loans and shall be repaid unless the project is deemed unfeasible by the state agency. The state agency ~~may~~ *shall* require the repayment of some or all technical assistance funds and shall prescribe the terms and conditions of the repayment. The amount of technical assistance ~~grants or~~ loans is limited to an aggregate of ten percent of the funds available in the development revolving fund. The technical assistance ~~grants or~~ loans shall not be included when computing the 20 percent limitation provided in section 472.125. The state agency may ~~grant or~~ loan technical assistance funds in cooperation with the technical assistance grant programs of any agency of the federal government. The state agency may prescribe rules to carry out the purposes of this subdivision.

Sec. 104. Minnesota Statutes 1978, Section 484.54, Subdivision 1, is amended to read:

484.54 [EXPENSES OF JUDGES.] Subdivision 1. Except as provided in subdivision 2, judges shall be compensated for travel and subsistence expenses in the same manner and amount as state employees. Additionally, judges of the district court shall be reimbursed for all sums, not reimbursed by counties, they shall necessarily hereafter pay out for only the following purposes: telephone tolls, postage, expressage, stationery, including printed letterheads and envelopes for official business; ~~membership dues in the state bar association and affiliated local district associations, and state and local district judge association; and registration fees, tuition, travel and subsistence for attending educational programs except that no expense shall be paid to satisfy continuing legal education~~

requirements , attendance at which is approved by the supreme court.

Sec. 105. Minnesota Statutes 1978, Section 546.27, is amended to read:

546.27 [DECISION BY THE COURT.] *Subdivision 1. When an issue of fact has been tried by the court, the decision shall be in writing, the facts found and the conclusion of law shall be separately stated, and judgment shall be entered accordingly. All questions of fact and law, and all motions and matters submitted to a judge for his decision, shall be disposed of and his decision filed with the clerk within 90 days after such submission, unless sickness or casualty shall prevent, or the time be extended by written consent of the parties. No part of the salary of any judge shall be paid unless the voucher therefor be accompanied by a certificate of the judge that he has fully complied with the requirements of this section.*

Subd. 2. The board on judicial standards shall annually review the compliance of each district, county, municipal, or probate judge with the provisions of subdivision 1. The board shall notify the state court administrator of each judge not in compliance. If the board finds that a judge has compelling reasons for noncompliance, it may decide not to issue the notice. Upon notification that a judge is not in compliance, the commissioner of finance shall not pay the judge his salary. The board may cancel a notice of noncompliance upon finding that a judge has returned his status to compliance, but in no event shall a judge be paid his salary for the period in which the notification of noncompliance was in effect.

Sec. 106. Laws 1976, Chapter 233, Section 14, is amended to read:

Sec. 14. Section 5 of this act is effective January 1, 1977, and the remainder of the act is effective the day following final enactment. Sections 1 to 4 of this act shall expire June 30, 1979.

Sec. 107. [CONSTITUTIONAL OFFICERS; PROGRAM BUDGETS.] *Prior to July 1, 1980 the governor, lieutenant governor, secretary of state, state auditor, state treasurer, and attorney general shall each develop a programmatic budget structure based on the various functions and services of their office and submit it to the chairman of the house appropriations committee and the chairman of the senate finance committee. The budget submitted to the 1981 legislature shall follow this structure.*

Sec. 108. [REPEALER.] *Minnesota Statutes 1978, Sections 85A.04, Subdivisions 1a and 1b; 168.54, Subdivisions 2 and 3; and 345.48, Subdivision 2, are repealed.* ”

Further, 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

with certain conditions; providing for the transfer of certain moneys in the state treasury; authorizing land acquisition in certain cases; fixing and limiting the amount of fees to be collected in certain cases; amending Minnesota Statutes 1978, Sections 4.12, by adding a subdivision; 4.26, Subdivision 1; 5.08, Subdivision 2; 10.31; 15.015, Subdivision 1; 15.191, Subdivision 1; 16.02, by adding subdivisions; 16.822, Subdivision 3; 16.825, Subdivision 1; 16.826, Subdivision 4; 16.866, Subdivision 1; 16.97; 16A.126; 21.55; 43.067, Subdivision 1; 85A.02, Subdivision 12; 85A.03, Subdivisions 4 and 5; 85A.04, Subdivisions 1 and 2; 85A.05, Subdivisions 3, 4 and 6; 97.482, Subdivision 2; 116E.03, Subdivision 4; 168.54, Subdivisions 4 and 5; 168A.31, Subdivision 1; 179.04; 179.72, Subdivision 1; 180.03, Subdivision 2; 197.16; 198.31; 271.06, Subdivision 4; 299C.07; 362.12, by adding a subdivision; 362.20; 362.40, Subdivisions 9, 10 and 11; 472.11, Subdivision 9; 484.54, Subdivision 1; 546.27; Laws 1976, Chapter 233, Section 14; and Chapters 86, by adding a section; 299C, by adding a section; repealing Minnesota Statutes 1978, Sections 85A.04, Subdivisions 1a and 1b; 168.54, Subdivisions 2 and 3; and 345.48, Subdivision 2."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Hubert H. Humphrey, III, Steve Keefe, John C. Chenoweth, Gerald L. Willet and Robert G. Dunn

House Conferees: (Signed) Delbert F. Anderson, Merlyn O. Valan, Gordon O. Voss, Gary W. Laidig, Phyllis L. Kahn and Fred C. Norton

Mr. Humphrey moved that the foregoing recommendations and Conference Committee Report on S. F. No. 1510 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 1510 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Olson	Sillers
Ashbach	Gearty	Knutson	Penny	Solon
Bang	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Rennecke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessee
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Willet
Engler	Knaak	Olhoft	Sikorski	

Mr. Wegener voted in the negative.

So the bill, as amended by the Conference Committee, was re-passed and its title was agreed to.

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 202 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 202

A bill for an act relating to health; providing for several types of life support transportation service; providing for health systems agencies to be involved in the licensing process; providing factors to be used in making licensing recommendations; providing for standards for services; forbidding inquiry as to ability to pay before provision of life support transportation services; requiring rules for nonemergency transportation reimbursement under medical assistance; exempting certain providers; amending Minnesota Statutes 1978, Sections 144.801; 144.802; 144.803; 144.804; 144.805; 144.807, Subdivision 1; 144.808; 144.809 and 144.8091, Subdivision 1.

May 21, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 202, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that Senate File No. 202 be further amended as follows:

Page 15, delete lines 22 to 33 and insert:

“Sec. 11. Minnesota Statutes 1978, Section 256B.04, Subdivision 12, is amended to read:

Subd. 12. Place limits on the types of services covered by medical assistance, the frequency with which the same or similar services may be covered by medical assistance for an individual recipient, and the amount paid for each covered service. The state agency shall promulgate rules, including temporary rules, establishing maximum reimbursement rates for emergency and non-emergency ambulance life support transportation services.

The rules shall provide:

(a) *An opportunity for all life support transportation services, designated by the state agency, to be reimbursed for non-emergency transportation consistent with the maximum rates established by the agency;*

(b) *Reimbursement of providers owned and operated by a public agency or a nursing home at reasonable maximum rates that*

reflect the cost of providing the service regardless of the fare that might be charged by the provider for similar services to individuals other than those receiving medical assistance or medical care under this chapter; and

(c) Reimbursement for each additional passenger carried on a single trip at a substantially lower rate than the first passenger carried on that trip.

The commissioner shall encourage providers reimbursed under this chapter to coordinate their operation with similar services that are operating in the same community. To the extent practicable, the commissioner shall encourage eligible individuals to utilize less expensive providers capable of serving their needs."

Page 16, delete lines 1 to 14

Further amend the title as follows:

Page 1, line 15, before the period insert "and 256B.04, Subdivision 12"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Tom A. Nelson, George F. Perpich and William G. Kirchner

House Conferees: (Signed) James C. Swanson, Robert W. Reif, Lyndon R. Carlson and Mary M. Forsythe

Mr. Nelson moved that the foregoing recommendations and Conference Committee Report on S. F. No. 202 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 202 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 54 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knaak	Penny	Spear
Bang	Gearty	Knoll	Perpich	Staples
Benedict	Gunderson	Knutson	Pillsbury	Stokowski
Bernhagen	Hanson	Lessard	Renneke	Strand
Chenoweth	Hughes	Luther	Rued	Stumpf
Chmielewski	Jensen	Menning	Schaaf	Tennessee
Coleman	Johnson	Merriam	Schmitz	Ueland, A.
Davies	Keefe, J.	Moe	Setzepfandt	Vega
Dieterich	Keefe, S.	Nelson	Sieloff	Wegener
Dunn	Kirchner	Ogdahl	Sikorski	Willet
Engler	Kleinbaum	Olhoff	Sillers	

Messrs. Solon and Ulland, J. voted in the negative.

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

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 528 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 528

A bill for an act relating to courts; authorizing juvenile court referees to hear contested trials, hearings, or motions unless objection is made; conforming civil fees collected by the Hennepin county municipal court with the district court; amending Minnesota Statutes 1978, Sections 484.70, Subdivision 3; and 488A.03, Subdivision 11.

May 21, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 528, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate accede to the House amendments and that S. F. No. 528, the Unofficial Engrossment be further amended as follows:

Page 1, strike lines 11 to 18 and insert:

“Section 1. Minnesota Statutes 1978, Section 484.70, is amended by adding a subdivision to read:

Subd. 4. Notwithstanding subdivision 3, any full time referee sitting in juvenile court in the second judicial district may hear a contested trial, hearing, or motion unless either party or his attorney objects orally on the record or in writing prior to or at the time of commencement of the trial, hearing, or motion.”

Page 3, after line 31, insert:

“Sec. 3. [EFFECTIVE DATE.] *This act is effective the day following its final enactment. Section 1 expires March 1, 1980.*”

Further amend the title

Page 1, line 7, strike “subdivision 3” and insert “by adding a subdivision”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Jack Davies, George S. Pillsbury, Allan H. Spear

House Conferees: (Signed) Robert L. Ellingson, Ray W. Faricy, William A. Crandall, Jim A. Norman

Mr. Davies moved that the foregoing recommendations and Conference Committee Report on S. F. No. 528 be now adopted,

and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 528 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Peterson	Staples
Ashbach	Gunderson	Lessard	Pillsbury	Stokowski
Bang	Hughes	Luther	Renneke	Strand
Benedict	Humphrey	Menning	Rued	Ueland, A.
Bernhagen	Jensen	Merriam	Schaaf	Ulland, J.
Chenoweth	Johnson	Moe	Schmitz	Vega
Chmielewski	Keefe, J.	Nichols	Setzepfandt	Wegener
Coleman	Keefe, S.	Ogdahl	Sieloff	Willet
Davies	Kirchner	Olhoft	Sikorski	
Dunn	Kleinbaum	Olson	Sillers	
Engler	Knaak	Penny	Solon	
Frederick	Knoll	Perpich	Spear	

Mr. Tennesen voted in the negative.

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

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 486 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 486

A bill for an act relating to education; changing the requirements for membership on the state university board and on the state board for community colleges; amending Minnesota Statutes 1978, Sections 136.12, Subdivision 1; and 136.61, Subdivision 1.

May 21, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 486, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 486 be further amended as follows:

Page 1, line 22, delete "at least one" and insert "two directors"

Page 2, line 15, delete "at least one member" and insert "two members"

Page 2, lines 25 to 26, delete "*the day following its final enactment*" and insert "*July 1, 1983*"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Robert G. Dunn, Jerome M. Hughes, Jerald C. Anderson

House Conferees: (Signed) John A. Ainley, David M. Jennings, Carl M. Johnson, Ken G. Nelson

Mr. Dunn moved that the foregoing recommendations and Conference Committee Report on S. F. No. 486 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 486 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 39 and nays 16, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Kirchner	Nichols	Sieloff
Ashbach	Gearty	Knaak	Olhoft	Stokowski
Benedict	Hughes	Knoll	Penny	Stumpf
Bernhagen	Humphrey	Knutson	Pillsbury	Ueland, A.
Brataas	Jensen	Luther	Renneke	Ulland, J.
Chmielewski	Johnson	Menning	Rued	Vega
Dunn	Keefe, J.	Merriam	Schaaf	Wegener
Engler	Keefe, S.	Nelson	Schmitz	

Those who voted in the negative were:

Chenoweth	Gunderson	Perpich	Sikorski	Strand
Coleman	Lessard	Peterson	Spear	Tennessee
Davies	Ogdahl	Setzepfandt	Staples	Willet
Dieterich				

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

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House accedes to the request of the Senate for the return of House File No. 360 for further consideration.

H. F. No. 360: A bill for an act relating to commerce; extending an exception for certain loans from the usury laws; amending Minnesota Statutes 1978, Section 334.01, Subdivision 2.

House File No. 360 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

RECONSIDERATION

Mr. Tennesen moved that the vote whereby H. F. No. 360 was passed by the Senate on May 19, 1979, be now reconsidered. The motion prevailed.

Mr. Tennesen moved that the Tennesen and Laufenburger amendments made to H. F. No. 360, adopted by the Senate May 19, 1979, be stricken. The motion prevailed. So the amendments were stricken.

H. F. No. 360: A bill for an act relating to commerce; extending an exception for certain loans from the usury laws; amending Minnesota Statutes 1978, Section 334.01, Subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 50 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Peterson	Spear
Ashbach	Gearty	Knutson	Pillsbury	Staples
Benedict	Gunderson	Luther	Renneke	Stokowski
Bernhagen	Hughes	McCutcheon	Rued	Strand
Brataas	Humphrey	Menning	Schaaf	Stumpf
Chenoweth	Jensen	Merriam	Schmitz	Tennesen
Davies	Keefe, J.	Nelson	Setzepfandt	Ueland, A.
Dieterich	Keefe, S.	Nichols	Sieloff	Ulland, J.
Dunn	Kirchner	Ogdahl	Sillers	Vega
Engler	Knaak	Penny	Solon	Wegener

Those who voted in the negative were:

Chmielewski	Laufenburger	Olhoft	Sikorski	Willet
Johnson	Lessard	Perpich		

So the bill passed and its title was agreed to.

RECESS

Mr. Coleman moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the

recommendation and report of the Conference Committee on House File No. 1495 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1495 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1495

A bill for an act relating to taxation; providing for an ad valorem tax on railroads in lieu of the gross earnings tax; repealing limited market value; changing homestead base value; decreasing classification ratios on certain property; establishing a new category for certain residential nonhomestead property; increasing homestead credit percentages and maximum amounts; increasing agricultural aid credit; extending 3cc classification to qualifying mobile homeowners; extending 3cc classification to the surviving spouse of certain deceased veterans, blind and disabled persons; changing income sources and requirements for owners of 3cc property; allowing homestead owned by joint tenant to qualify for 3cc classification; providing for deferred assessment of value added by historical preservation; providing an exclusion of \$12,000 for pension income; excluding pensions of nonresidents from gross income; expanding the taxable net income brackets for individuals, estates and trusts; increasing personal, dependent, special credits and credits for certain low income taxpayers; providing for inflation adjustment to income tax and property tax refund brackets and credits; providing residential energy credit; allowing use of lump sum distribution tax computation for certain severance pay; altering the definition of gross income for income tax purposes for individuals, trusts and estates; placing restrictions on certain deductions; making certain changes in the minimum tax and in the treatment of small business corporations; allowing a ten year carryback of products liability losses; allowing adjustments to basis; allowing deductions for employer contributions to simplified employee plans; excluding from income certain payments to members of the armed services; increasing the maximum income tax credit for political contributions; providing an income tax deduction for certain political contributions; conforming individual deductions for business expenses, taxes, disaster losses, medical expenses and charitable contributions to federal deductions; removing certain limitations on the dependent care credit; standardizing the personal, dependent and special credits; increasing the standard deduction; updating the definition of income for property tax refund purposes; expanding inheritance and gift tax exemptions and credits; establishing a presumption of contribution by a spouse in property held jointly with the decedent; adjusting homestead exemption for inheritance tax purposes; providing a tax credit for feedlot and pollution control equipment; providing an income tax credit to a Minnesota resident for income taxes paid to a province or territory of Canada; reducing the income tax rate applicable to corporations; clarifying the purposes for which an additional property tax levy by governmental subdi-

visions is authorized; authorizing an additional property tax levy by governmental subdivisions in certain cases; providing for the calculation of tax levy limitations for governmental subdivisions; clarifying the taxable status of Title II property owned by a non-profit entity; providing that the commissioner of revenue shall administer and enforce the Minnesota unfair cigarette sales act; reducing the sales tax on newsprint and ink; excluding certain feminine hygiene products from the sales tax; exempting from the sales tax the furnishing of water and sewer services for residential use; providing for municipal regulation of subdivisions; providing penalties; appropriating money; amending Minnesota Statutes 1978, Sections 270.06; 272.02, Subdivision 1; 273.11; 273.12; 273.13, Subdivisions 4, 6, 6a, 7, 14a and 19; 273.13; 273.17, Subdivision 1; 275.11, Subdivision 2; 275.50, Subdivisions 5 and 6; 275.51, by adding a subdivision; 275.52, Subdivisions 2 and 5; 290.01, Subdivision 20; 290.032, by adding a subdivision; 290.06, Subdivisions 1, 2c, 3c, 3d, 9, 9a, 11, and by adding subdivisions; 290.067, Subdivisions 1 and 2; 290.081; 290.09, Subdivisions 2, 4, 5, 10, 15, 28, and by adding a subdivision; 290.091; 290.095, by adding a subdivision; 290.14; 290.17, Subdivision 2; 290.21, Subdivision 3; 290.26, Subdivision 2; 290.971, Subdivisions 1, 3 and 6; 290.972, Subdivisions 1, 3, and 5; 290A.03, Subdivisions 3, 11 and 13; 290A.04, Subdivisions 2, 2a, 2b, 3, and by adding a subdivision; 291.01, Subdivision 4; 291.05; 291.065; 292.04; 292.07, Subdivisions 1, 5, and by adding a subdivision; 295.02; 297A.01, Subdivision 3; 297A.14; 297A.25, Subdivision 1; 462.358, by adding subdivisions; 462.36, Subdivision 1; Chapters 270, by adding sections; 272, by adding a section; 273, by adding a section; and 298, by adding a section; repealing Minnesota Statutes 1978, Sections 275.51, Subdivision 3d; 290.06, Subdivisions 3e and 12; 290.21, Subdivision 3a; 290.971, Subdivision 5; 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; 295.14; and 462.352, Subdivision 4.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1495, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1495 be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE I: INCOME TAX

Section 1. Minnesota Statutes 1978, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in

this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "homeowners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended.

For each of the taxable years beginning after December 31, 1960 and prior to January 1, 1971, the term "gross income" in its application to individuals, estates, and trusts, shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through December 31, 1970 for the applicable taxable year, with the modifications specified in this section.

For each of the taxable years beginning after December 31, 1970, the term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1970, shall be in effect for taxable years beginning after December 31, 1970 and prior to January 1, 1973.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1972, shall be in effect for taxable years beginning after December 31, 1972.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1973, shall be in effect for taxable years beginning after December 31, 1973.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H.R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of chapter 290 at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for nonrecognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

The amendments made to sections 219(c) (3) and 220(c) (4) (extending the time for which a taxpayer is deemed to have made a contribution to an individual retirement account for the taxable year) by section 157(a) of P.L. 95-600 shall be effective for taxable years beginning after December 31, 1977.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any such other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of the United States exempt from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for such reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for such previous taxable year.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint or separate Minnesota income tax returns. In the case of separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax

liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1976, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (7) or under section 290.09, subdivision 24; and

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101; and

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses realized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

~~(12)~~ (13) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, as amended through December 31, 1976, if the nonprofit corporation is domiciled outside of Minnesota;

~~(13)~~ (14) Exempt-interest dividends, as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1976, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, as amended through December 31, 1976, except for that portion of such exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

~~(14)~~ (15) The amount of any excluded gain realized by a trust on the sale or exchange of property as defined in section 641(c)(1).

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to fifty per centum of such portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of such securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from such losses;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether such amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408 or 409 or 409A of the Internal Revenue Code of 1954, as amended through December 31, 1977. The maximum amount of this subtraction shall be ~~\$7,200~~ ~~\$10,000~~ less the sum of (a) social security retirement benefits received during the taxable year, (b) railroad retirement benefits received during the taxable year, and (c) the amount by which the individual's federal adjusted gross income exceeds ~~\$13,000~~ ~~\$17,000~~. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be ~~\$7,200~~ less the sum of social security retirement benefits and railroad retirement benefits ~~\$10,000~~; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of ~~\$13,000~~ ~~\$17,000~~;

(7) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1976, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) *To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain realized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;*

~~(8)~~ (9) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later; and

~~(9)~~ (10) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed after December 31, 1977 and before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60 ;

(11) *The amount of gain on the sale of the taxpayer's residence excluded from the federal gross income of the taxpayer pursuant to section 121 of the Internal Revenue Code of 1954, as amended through December 31, 1978 provided that a taxpayer who elects under that section shall not, for the purpose of this subdivision, also take an exclusion according to the provisions of section 121 of the Internal Revenue Code, as amended through December 31, 1976;*

(12) *The first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota; and*

(13) *The amount of any income earned for personal services rendered prior to the date when the taxpayer became a resident of Minnesota .*

(c) Modifications affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954, or section 290.972 of this chapter.

(1) Shareholders in a small business corporation, which has elected to be so taxed under the Internal Revenue Code of 1954, but has not made an election under section 290.972 of this chapter, shall deduct from federal adjusted gross income the amount of any imputed income from such corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of such stock ownership. Also there shall be added to federal adjusted gross income the amount of any distributions in cash or property made by said corporation to its shareholders during the taxable year.

(2) In cases where the small business corporation has made an election under section 1372 of the Internal Revenue Code of 1954, but has not elected under section 290.972 of this chapter and said corporation is liquidated or the individual shareholder disposes of his stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, such shareholders shall be entitled, nevertheless, to a capital loss commensurate to their Minnesota basis for the stock.

(3) In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under section 290.972 of this chapter and at the close of the taxable year immediately preceding the effective election under section 290.972 the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that such reserve is distributed to shareholders such distribution shall be taxed as a dividend for purposes of this act.

Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that such amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1 (2) in computing Minnesota inheritance tax liability shall not be allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have such amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 2. Minnesota Statutes 1978, Section 290.012, Subdivision 3, is amended to read:

Subd. 3. "Dependent" means an individual dependent upon and receiving his chief support from the claimant. Payments for support of minor children as provided in section 290.072, subdivision 3 under a temporary or final decree of dissolution or legal separation, shall be considered as payments by the claimant for the support of a dependent. For the purposes of section 290.06, subdivision 3d.

a spouse except a divorced or separated spouse shall be considered to be a dependent.

Sec. 3. Minnesota Statutes 1978, Section 290.032, Subdivision 3, is amended to read:

Subd. 3. The tax imposed by this section ~~on shall not be applicable to a non-resident individual shall be based only on that part of the lump sum distribution attributable to personal or professional services within this state.~~

Sec. 4. Minnesota Statutes 1978, Section 290.032, is amended by adding a subdivision to read:

Subd. 5. An amount distributed to an individual as severance pay upon discontinuation of the individual's employment due to termination of business operations by the individual's employer may be treated as a lump sum distribution according to the provisions of this section. For the payment to be treated as a lump sum distribution under this subdivision, the termination of the employer's business operation at that site must be reasonably likely to be permanent and to involve the discharge within a period of one year of at least 75 percent of the persons employed by that employer at that site. For the purposes of this subdivision, "severance pay" shall mean an amount received for the cancellation of an employment contract or a collectively bargained termination payment in the nature of a substitute for income which would have been earned for personal services to be rendered in the future.

The minimum distribution allowance provided in sections 402 (e) (1) (C) and (D) of the Internal Revenue Code of 1954, as amended through December 31, 1978, shall not apply to the computation allowed under this subdivision.

Sec. 5. Minnesota Statutes 1978, Section 290.06, Subdivision 3c, is amended to read:

Subd. 3c. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3a for taxable years which begin after December 31, ~~1977~~ 1978 and before January 1, 1980, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual, and, except as provided in paragraph 6, in the case of the estate of a decedent, \$40 \$55, and in the case of a trust, \$5;

(2) In the case of a married individual, living with husband or wife, and in the case of a head of a household, \$80 a spouse, \$110. If such husband and wife make the spouses file separate, combined or joint returns the personal exemption credits may be taken by either or divided between them;

(3) In the case of an individual, \$40 \$55 for each person (other than husband or wife a spouse) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. In the case of the head of a household, a credit for one dependent shall be disallowed. A payment to a divorced or separated wife spouse,

other than a payment of the kind referred to in section 200.072, subdivision 3 for support of minor children under a temporary order or final decree of dissolution or legal separation, shall not be considered a payment by the husband or other spouse for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$20 \$55 ;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$20 \$55 ;

(c) In the case of a married individual, living with husband or wife a spouse, an additional \$20 \$55 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$20 \$55 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make separate, combined or joint returns, these credits may be taken by either or divided between them;

(d) In the case of an individual, another \$55 for each person, other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;

(e) For the purposes of sub-paragraphs (b) and, (c) and (d) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(e) (f) In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$20 \$55.

(f) (g) In the case of a married individual, an additional \$20 \$55 for each spouse who is deaf at the close of the taxable year. If the husband and wife make spouses file separate, combined or joint returns, these credits may be taken by either or divided between them.

(g) (h) In the case of an individual, an additional \$20 \$55 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

(h) (i) For the purposes of subparagraphs (e), (f) and, (g) and (h) of paragraph (4), an individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.

(5) (a) If an unmarried individual qualifies for two or more additional credits under the provisions of clauses (4)-(a), (4)-(b) and (4)-(c), the total amount of his credit shall be increased by \$10 for each additional credit in excess of one.

(b) If a married individual qualifies for more than one additional credit for either spouse under the provisions of clauses

(4)(e) and (4)(f), the total amount of his credit shall be increased by \$10 for each additional credit in excess of one per spouse.

(a) In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$55;

(b) In the case of a married individual, living with a spouse, an additional \$55 for each spouse who is a quadriplegic at the close of the taxable year; and

(c) In the case of an individual, another \$55 for each person, other than a spouse, who is dependent upon and receiving his chief support from the taxpayer, and who is a quadriplegic at the close of the taxable year.

(6) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended;

(7) In the case of a non-resident individual, credits under paragraphs 1, 2, 3, 4 and 5 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income from all sources, and in any event a minimum credit of \$5 shall be allowed.

Sec. 6. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 3f. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3a, and subject to the provisions of subdivision 3g for taxable years which begin after December 31, 1979, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual and in the case of the estate of a decedent, \$60, and in the case of a trust, \$5;

(2) In the case of a married individual, living with a spouse, \$120. If the spouses file separate, combined or joint returns the personal credits may be taken by either or divided between them;

(3) In the case of an individual, \$60 for each person (other than a spouse) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. A payment to a divorced or separated spouse, other than a payment for support of minor children under a temporary order or final decree of dissolution or legal separation, shall not be considered a payment by the other spouse for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$60;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$60;

(c) In the case of a married individual, living with a spouse, an additional \$60 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$60 for each spouse who is blind at the close of the individual's taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them;

(d) In the case of an individual, another \$60 for each person, other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;

(e) For the purposes of sub-paragraphs (b), (c) and (d) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(f) In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$60.

(g) In the case of a married individual, an additional \$60 for each spouse who is deaf at the close of the taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them.

(h) In the case of an individual, an additional \$60 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

(i) For the purposes of subparagraphs (f), (g) and (h) of paragraph (4), an individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.

(5) (a) In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$60;

(b) In the case of a married individual, living with a spouse, an additional \$60 for each spouse who is a quadriplegic at the close of the taxable year; and

(c) In the case of an individual, another \$60 for each person, other than a spouse, who is dependent upon and receiving his chief support from the taxpayer, and who is a quadriplegic at the close of the taxable year.

(6) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended.

(7) In the case of a non-resident individual, credits under paragraphs 1, 2, 3, 4 and 5 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income

from all sources, and in any event a minimum credit of \$5 shall be allowed.

Sec. 7. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 3g. [INFLATION ADJUSTMENT OF CREDITS.] For taxable years beginning after December 31, 1980, the credits provided for individuals in subdivision 3f shall be adjusted for inflation. The commissioner of revenue shall determine the percentage increase for each year in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The commissioner shall determine the percentage increase from August, 1979 to, in 1980, August 1980 and in each subsequent year, from August of the preceding year to August of the current year, and shall announce the percentage figure by October 1 each year. The dollar amount of each inflation adjusted credit for the prior year in subdivision 3f shall be multiplied by a figure equal to that percentage. The product of the calculation shall be added to the inflation adjusted credit for the prior year to produce the inflation adjusted individual credits for each succeeding year. If the product exceeds a whole dollar amount, it shall be rounded to the nearest whole dollar.

Sec. 8. Minnesota Statutes 1978, Section 290.06, Subdivision 3d, is amended to read:

Subd. 3d. [CREDITS AGAINST TAX.] The taxes due as computed in accordance with section 290.06, subdivisions 2c, 3c, and 3e shall be credited with the following amounts:

(1) For taxable years beginning after December 31, 1978, a credit equal to his tax liability in the case of:

(a) An unmarried claimant with an income of ~~\$4,800~~ \$5,500 or less;

(b) A claimant with one dependent, with an income of ~~\$5,800~~ \$7,000 or less;

(c) A claimant with two dependents, with an income of ~~\$6,900~~ \$8,000 or less;

(d) A claimant with three dependents, with an income of ~~\$7,800~~ \$8,900 or less;

(e) A claimant with four dependents, with an income of ~~\$8,400~~ \$9,600 or less; and

(f) A claimant with five or more dependents, with an income of ~~\$8,900~~ \$10,000 or less.

(2) In the case of a claimant with an income in excess of that set forth in the appropriate category of clause (1), he may pay a tax equal to 15 percent of that portion of his income that is in excess of the amount set forth in the appropriate category of clause (1), or his tax obligation as it would have been in the absence of section 290.012 and this subdivision, whichever is less.

(3) The total income of the claimant and his spouse, if any, shall be the figure employed for the purposes of this subdivision. No individual dependent upon and receiving his chief support from any other individual may be a claimant under section 290.012 and this subdivision. The commissioner of revenue shall prescribe the additional forms or alterations in existing forms as necessary to comply with the provisions of section 290.012 and this subdivision. All claimants shall submit their returns on these forms.

The commissioner of revenue shall provide alternative tax tables which will include these credits.

(4) *For taxable years beginning after December 31, 1980, the commissioner of revenue shall determine and announce by October 1 of 1981 and each subsequent year, the percentage increase from August, 1980 to, in 1981, August, 1981, and, in subsequent years, from August of the preceding year to August of the current year in the revised all urban consumer price index for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. Each year, the income exclusion amounts contained in clause (1) shall be increased by the determined percentage, rounded to the nearest dollar to produce the inflation adjusted exclusion amounts for the taxable year.*

Sec. 9. Minnesota Statutes 1978, Section 290.06, Subdivision 11, is amended to read:

Subd. 11. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] In lieu of the credit against taxable net income provided by section 290.21, subdivision 3, clause (e), a taxpayer may take a credit against the tax due under this chapter of 50 percent but not more than \$25 \$50 of his contributions to a political party and candidate. A married couple, filing jointly, may take a similar credit of not more than \$50 \$100. No credit shall be allowed under this subdivision for a contribution to any candidate, other than a candidate for elective judicial office, who has not signed an agreement to limit his campaign expenditures as provided in section 10A.32, subdivision 3b. The commissioner of revenue shall provide in the tax instruction booklet language understandable to a person of average intelligence which states that the taxpayer may only claim a credit against his tax due for contributions to candidates for (a) judicial office or (b) statewide or legislative office who have agreed to limit their expenditures. For purposes of this subdivision, "candidate" means a candidate as defined in section 10A.01, subdivision 5. The department of revenue shall provide on the first page of the Minnesota tax form an appropriate provision for the credit provided by this subdivision.

This credit shall be allowed only if the contribution is verified in the manner the commissioner of revenue shall prescribe.

Sec. 10. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.]

For taxable years beginning after December 31, 1978, the taxable net income brackets in subdivision 2c shall be adjusted for inflation. The commissioner of revenue shall determine the percentage increase for each year in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The commissioner shall determine the percentage increase from August, 1978 to, in 1979, August, 1979 and in each subsequent year, from August of the preceding year to August of the current year, and shall announce the percentage figure by October 1 each year. The dollar amounts in each taxable net income bracket for the prior year in subdivision 2c shall be multiplied by a figure equal to 85 percent of that percentage. The product of the calculation shall be added to each inflation adjusted taxable net income bracket for the prior year to produce the inflation adjusted taxable net income brackets for each succeeding year. If the product exceeds a whole dollar amount, it shall be raised to the next highest whole dollar.

Sec. 11. Minnesota Statutes 1978, Section 290.067, Subdivision 1, is amended to read:

290.067 [DEPENDENT CARE CREDIT.] Subdivision 1. [AMOUNT OF CREDIT.] A taxpayer may take as a credit against the tax due from him and his spouse, if any, under chapter 290 an amount equal to 50 percent of the dependent care credit for which he is eligible pursuant to the provisions of section 44A of the Internal Revenue Code of 1954, as amended through December 31, ~~1976~~ 1978, subject to the limitations provided in subdivision 2.

Sec. 12. Minnesota Statutes 1978, Section 290.09, Subdivision 4, is amended to read:

Subd. 4. [TAXES.] Taxes paid or accrued within the taxable year, except (a) income or franchise taxes imposed by this chapter and income or franchise taxes paid to any other state or to any province or territory of Canada for which a credit is allowed under section 290.081; (b) taxes assessed against local benefits of a kind deemed in law to increase the value of the property assessed; (c) inheritance, gift and estate taxes except as provided in section 290.077, subdivision 4; (d) cigarette and tobacco products excise tax imposed on the consumer; (e) that part of Minnesota property taxes for which a credit or refund is claimed and allowed under ~~section 290.0603 or 290.066~~ chapter 290A; (f) federal income taxes, by corporations, national and state banks except as provided in section 290.18; (g) mortgage registry tax; (h) real estate transfer tax; (i) federal telephone tax; (j) federal transportation tax; and (k) tax paid by any corporation or national or state bank to any foreign country or possession of the United States to the extent that a credit against federal income taxes is allowed under the provisions of the Internal Revenue Code of 1954, as amended through December 31, 1976. If the taxpayer's foreign tax credit consists of both foreign taxes deemed paid and foreign taxes actually paid or withheld, it will be conclusively presumed that foreign taxes deemed

paid were first used by the taxpayer in its foreign tax credit. Minnesota gross income shall include the amount of foreign tax paid which had been allowed as a deduction in a previous year, provided such foreign tax is later allowed as a credit against federal income tax. Income taxes permitted to be deducted hereunder shall, regardless of the methods of accounting employed, be deductible only in the taxable year in which paid. Taxes imposed upon a shareholder's interest in a corporation which are paid by the corporation without reimbursement from the shareholder shall be deductible only by such corporation.

Sec. 13. Minnesota Statutes 1978, Section 290.081, is amended to read:

290.081 [INCOME OF NONRESIDENTS, RECIPROCITY.]

(a) The compensation received for the performance of personal or professional services within this state by an individual who resides and has his place of abode and place to which he customarily returns at least once a month in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of his residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein, or

(b) Whenever a nonresident taxpayer has become liable for income taxes to the state where he resides upon his net income for the taxable year derived from the performance of personal or professional services within this state and subject to taxation under this chapter, there shall be allowed as a credit against the amount of income tax payable by him under this chapter, such proportion of the tax so paid by him to the state where he resides as his gross income subject to taxation under this chapter bears to his entire gross income upon which the tax so paid to such other state was imposed; provided, that such credit shall be allowed only if the laws of such state grant a substantially similar credit to residents of this state subject to income tax under such laws, or

(c) If any taxpayer who is a resident of this state, or a domestic corporation or corporation commercially domiciled therein, has become liable for taxes on or measured by net income to another state or a province or territory of Canada upon, if the taxpayer is an individual or a resident estate or resident trust, any income, or if it is a corporation, upon income derived from the performance of personal or professional services within such other state or province or territory of Canada and subject to taxation under this chapter he or it shall be entitled to a credit against the amount of taxes payable under this chapter, of such proportion thereof, as such gross income subject to taxation in such state or province or territory of Canada bears to his entire gross income subject to taxation under this chapter; provided (1) that such credit shall in no event exceed the amount of tax so paid to such other state or province or territory of Canada on the gross income earned within such other state or province or territory of Canada and subject to taxation under this chapter, and (2) that such credit shall not be allowed if such other state or province or territory of Canada

allows residents of this state a credit against the taxes imposed by such state or province or territory of Canada for taxes payable under this chapter substantially similar to the credit provided for by paragraph (b) of this section, and (3) the allowance of such credit shall not operate to reduce the taxes payable under this chapter to an amount less than would have been payable if the gross income earned in such other state or province or territory of Canada had been excluded in computing net income under this chapter.

(d) The commissioner shall by regulation determine with respect to gross income earned in any other state the applicable clause of this section. When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of clause (a) shall not apply.

(e) "Tax So Paid" as used in this section means taxes on or measured by net income payable to another state or province or territory of Canada on income earned within the taxable year for which the credit is claimed, provided that such tax is actually paid in that taxable year, or subsequent taxable years.

(f) For the purposes of clause (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without clause (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without clause (a), or vice versa, then the state with the net revenue loss resulting from clause (a) shall receive from the other state the amount of such loss. This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.

If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chairman. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.

Notwithstanding the provisions of section 290.61, the commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that he will protect the confidentiality of the returns

and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

Sec. 14. Minnesota Statutes 1978, Section 290.09, Subdivision 15, is amended to read:

Subd. 15. [STANDARD DEDUCTION.] In lieu of all deductions provided for in this chapter other than those enumerated in section 290.18, subdivision 2, and in lieu of the credits enumerated in section 290.21, subdivision 3, an individual may claim or be allowed a standard deduction as follows:

(a) ~~If his adjusted gross income is \$10,000 or more, the standard deduction shall be \$1,000.~~

(b) If his adjusted gross income is less than \$10,000 Subject to modification pursuant to clause (b), the standard deduction shall be an amount equal to ten percent thereof of the adjusted gross income of the taxpayer, up to a maximum deduction of \$2,000; in the case in which a standard deduction tax table is provided by the commissioner of revenue pursuant to the provisions of section 290.06, subdivision 2, the standard deduction shall be available to individuals with adjusted gross income of less than \$20,000 only through the use of such table.

In the case of a husband and wife living together, the standard deduction shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction. For the purposes of this paragraph the determination of whether an individual is living with his spouse shall be made as of the last day of the taxable year unless the spouse dies during the taxable year in which case such determination shall be made as of the date of such spouse's death.

(b) For each taxable year beginning after December 31, 1980, the maximum amount of the standard deduction shall be adjusted for inflation. That amount shall be multiplied each year by a figure equal to the percentage increase in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area used for purposes of section 290.06, subdivision 3g. The product of the calculation shall be added to the dollar amount of the maximum standard deduction established in clause (a) to produce the inflation-adjusted maximum standard deduction for each succeeding year.

Sec. 15. Minnesota Statutes 1978, Section 290.091 is amended to read:

290.091 [MINIMUM TAX ON PREFERENCE ITEMS.] (a) In addition to all other taxes imposed by chapter 290 there is hereby imposed for each taxable year beginning after December 31, 1976, a tax which, in the case of a resident individual, estate or trust, shall be equal to 40 percent of the amount of the taxpayer's minimum tax liability for tax preference items pursuant to the provisions of sections 56 to 58 and 443 (d) of the Internal Revenue Code of 1954 as amended through December 31, 1976 except that for purposes of the tax imposed by this section, excess itemized

deductions as defined in section 57(b) shall not include any deduction taken for Minnesota income tax paid and capital ~~gains~~ gain as defined in section 57(a) of the Internal Revenue Code shall not include that portion of any gain occasioned by sale, transfer or the granting of a perpetual easement pursuant to any eminent domain proceeding or threat thereof as described in section 290.13, subdivision 5. This modification shall apply to the years in which the gain or reduction in loss is actually included in federal adjusted gross income even though amounts received pursuant to the eminent domain proceedings were received in prior years. In the case of a resident individual, estate or trust having preference items which could not be taken to reduce income from sources outside the state pursuant to section 290.17, subdivision 1, or any other taxpayer the tax shall equal 40 percent of that federal liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference item income allocated to this state pursuant to the provisions of sections 290.17, subdivision 1, to 290.20, and the denominator of which is the taxpayer's total preference item income for federal purposes.

(b) In the case of a resident individual, estate or trust having preference items in taxable years beginning after December 31, 1976, and before January 1, 1978, which are not allocable to Minnesota under the provisions of sections 290.17 to 290.20 in effect for such years, the tax shall equal 40 percent of the taxpayer's federal minimum tax liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference items allocable to Minnesota under the provisions of sections 290.17 to 290.20 in effect for such years and the denominator of which is the taxpayer's total preference items for federal purposes.

(c) *The preference items for taxable years beginning after December 31, 1978 shall not include the portion of the sale of residence excluded under section 121 of the Internal Revenue Code of 1954 as amended through December 31, 1978.*

Sec. 16. Minnesota Statutes 1978, Section 290.095, Subdivision 1, is amended to read:

290.095 [OPERATING LOSS DEDUCTION.] Subdivision 1. [ALLOWANCE OF DEDUCTION.] (a) There shall be allowed as a deduction for the taxable year the amount of any net operating loss deduction as defined in subdivision 2, clause (b); provided, however, that the modifications specified in subdivision 4 shall be made in computing the taxable net income for the taxable year before the net operating loss deduction shall be allowed.

(b) A net operating loss deduction shall be available under this section only to corporate taxpayers except as provided in subdivisions 6, 7 and 9 hereof, *and, with respect to individuals, estates and trusts, no deduction shall be allowed for or with respect to losses which constitute tax preference items as set forth in section 290.17, subdivision 1.*

Sec. 17. Minnesota Statutes 1978, Section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.] The basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by such last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause (4), the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by such person, be the fair market value of the property at the date of decedent's death.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance tax purposes. In such case, if the

property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on such property before the death of the decedent. Such basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities described in section 290.08; and property described in paragraphs (a), (b), (c) and (d) of this clause (4).

Clause (4) shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077. Nor shall it apply to restricted stock options described in section 290.078 which the employee has not exercised at death.

(5) If the property was acquired after December 31, 1932, upon an exchange described in section 290.13, subdivision 1, the basis shall be the same as in the case of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon such exchange under the law applicable to the year in which the exchange was made. If the property so acquired consisted in part of the type of property permitted by section 290.13, subdivision 1, to be received without the recognition of gain or loss, and in part of other property, the basis provided in this clause shall be allocated between the properties, other than money, received, and for the purpose of the allocation there shall be assigned to such other property an amount equivalent to its fair market value at the date of the exchange. This clause shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration, in whole or in part, for the transfer of the property to it;

(6) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as in the case of the stock or securities so sold or disposed of, increased by the excess of the repurchase price of such property over the sale price of such stock or securities, or decreased by the excess of the sale price of such stock or securities over the repurchase price of such property;

(7) If the property was acquired after December 31, 1932, as the result of a compulsory or involuntary conversion described in section 290.13, subdivision 5, the basis shall be the same as in the case of the property so converted, decreased in the amount of any money received by the taxpayer which was not expended in accordance with the provisions of law applicable to the year in which such conversion was made, determining the taxable status of the gain or loss upon such conversion, and increased

in the amount of gain or decreased in the amount of loss to the taxpayer recognized upon such conversion under the law applicable to the year in which such conversion was made.

(8) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of such property, be increased or diminished on account of income derived by the lessor in respect of such property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of such property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of such property shall be properly adjusted for the amount so included in gross income.

(9) If the property was acquired by the taxpayer as a transfer of property in exchange for the release of the taxpayer's marital rights, the basis of the property shall be the same as it would be if it were being sold or otherwise disposed of by the person who transferred the property to the taxpayer.

Sec. 18. Minnesota Statutes 1978, Section 290.17, Subdivision 1, is amended to read:

290.17 [GROSS INCOME, ALLOCATION TO STATE.] Subdivision 1. [INCOME OF RESIDENT INDIVIDUALS, ESTATES AND TRUSTS.] (a) The gross income of individuals during the period of time when they are residents of Minnesota and the gross income of resident estates and trusts shall be their gross income as defined in section 290.01, subdivision 20 . *except that the amount of otherwise deductible losses incurred in connection with income derived from sources outside the state shall be reduced by the sum of the taxpayer's items of tax preference as defined in section 57 of the Internal Revenue Code of 1954, as amended through December 31, 1978, which are attributable to losses incurred in connection with sources of income outside the state.*

(b) Deductions for losses incurred in connection with income derived from sources outside the state which is included in an individual's gross income pursuant to this subdivision, may be taken only to the extent of the amount of income derived from sources outside the state in the taxable year during which the loss was incurred.

(c) Any deductions for losses which could not be taken in the three immediately preceding taxable years because of the provisions of clause (b), may be taken to reduce any net income derived from sources outside the state which remain after application of clause (b) for income earned and deductions for the current taxable year; provided, however, that any deductions allowable pursuant to this clause (c) may be taken only to the extent of the amount of net income remaining after the application of clause (b).

Sec. 19. Minnesota Statutes 1978, Section 290.17, Subdivision 2, is amended to read:

Subd. 2. [OTHER TAXPAYERS.] In the case of taxpayers not subject to the provisions of subdivision 1, items of gross income shall be assigned to this state or other states or countries in accordance with the following principles:

(1) The entire income of all resident or domestic taxpayers from compensation for labor or personal services, or from a business consisting principally of the performance of personal or professional services, shall be assigned to this state, and the income of nonresident taxpayers from such sources shall be assigned to this state if, and to the extent that, the labor or services are performed within it; all other income from such sources shall be treated as income from sources without this state;

(2) Income from the operation of a farm shall be assigned to this state if the farm is located within this state and to other states only if the farm is not located in this state. Income and gains received from tangible property not employed in the business of the recipient of such income or gains, and from tangible property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, shall be assigned to this state if such property has a situs within it, and to other states only if it has no situs in this state. Income or gains from intangible personal property not employed in the business of the recipient of such income or gains, and from intangible personal property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, wherever held, whether in trust, or otherwise, shall be assigned to this state if the recipient thereof is domiciled within this state; income or gains from intangible personal property wherever held, whether in trust or otherwise shall be assigned to this state if the recipient of such income or gains is domiciled within this state, or if the grantor of any trust is domiciled within this state and such income or gains would be taxable to such grantor under sections 290.28 or 290.29;

(3) Income derived from carrying on a trade or business, including in the case of a business owned by natural persons the income imputable to the owner for his services and the use of his property therein, shall be assigned to this state if the trade or business is conducted wholly within this state, and to other states if conducted wholly without this state. This provision shall not apply to business income subject to the provisions of clause (1);

(4) When a trade or business is carried on partly within and partly without this state, the entire income derived from such trade or business, including income from intangible property employed in such business and including, in the case of a business owned by natural persons, the income imputable to the owner for his services and the use of his property therein, shall be governed, except as otherwise provided in sections 290.35 and 290.36, by the

provisions of section 290.19, notwithstanding any provisions of this section to the contrary. This shall not apply to business income subject to the provisions of clause (1). For the purposes of this clause, a trade or business located in Minnesota is carried on partly within and partly without this state if tangible personal property is sold by such trade or business and delivered or shipped to a purchaser located outside the state of Minnesota.

In determining whether or not intangible property is employed in a unitary business carried on partly within and partly without this state so that income derived therefrom is subject to apportionment under section 290.19 the following rules and guidelines shall apply.

(a) Intangible property is employed in a business if the business entity owning intangible property holds it as a means of furthering the business operation of which a part is located within the territorial confines of this state.

(b) Where a business operation conducted in Minnesota, is owned by a business entity which carries on business activity outside of the state different in kind from that conducted within this state, and such other business is conducted entirely outside the state, it will be presumed that the two business operations are unitary in nature, interrelated, connected and interdependent unless it can be shown to the contrary.

(5) All other items of gross income shall be assigned to the taxpayer's domicile.

(6) For purposes of this section, amounts received by a non-resident 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 fireman's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or as a retirement or survivor's benefit made from a plan qualifying under sections 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code of 1954, as amended through December 31, 1978, 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.

Sec. 20. Minnesota Statutes 1978, Section 290.21, Subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operating exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the

net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this state if such contributions or gifts are to be used exclusively for the purposes specified in subdivision 3(b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual, or to an employee stock ownership trust as defined in section 290.01, subdivision 25. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the deduction shall be reduced by the product of multiplying said amount by their percentage interest in the trust,

(d) to or for the use of the United States of America for exclusively public purposes, and to or for the use of any community chest, corporation, trust, fund, association, or foundation, organized and operated exclusively for any of the purposes specified in subdivision 3(b) and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual, but not carrying on substantially all of their activities within this state, in an amount equal to the ratio of Minnesota taxable net income to total net income, provided, however, that for an individual taxpayer, the credit shall be allowed in an amount equal to the ratio of the taxpayer's gross income ~~from sources within the state~~ *assignable to Minnesota* to the taxpayer's gross income from all sources,

(e) to a political party, as defined in section 200.02, subdivision 7, or a political candidate, as defined in section 210A.01, or a political cause when sponsored by any party or association or committee, as defined in section 210A.01, in a maximum amount not to exceed the following:

(1) contributions made by individual natural persons, \$100,

(2) contributions made by a national committeeman, national committeewoman, state chairman, or state chairwoman of a political party, as defined in section 200.02, subdivision 7, \$1,000,

(3) contributions made by a congressional district committeeman or committeewoman of a political party, as defined in section 200.02, subdivision 7, \$350,

(4) contributions made by a county chairman or a county chairwoman of a political party, as defined in section 200.02, subdivision 7, \$150;

(f) In the case of an individual, the total credit against taxable net income allowable hereunder shall not exceed 30 percent of the taxpayer's Minnesota gross income as follows:

(i) the aggregate of contributions made to organizations speci-

fied in (a), (b) and (d) shall not exceed ten percent of the taxpayer's Minnesota gross income,

(ii) the total credits under this subparagraph for any taxable year shall not exceed 20 percent of the taxpayer's Minnesota gross income. For purposes of this subparagraph, the credits under this section shall be computed without regard to any deduction allowed under subparagraph (i) but shall take into account any contributions described in subparagraph (i) which are in excess of the amount allowable as a credit under subparagraph (i);

(g) in the case of a corporation, the total credit against net income hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the credits allowable under this section other than those for contributions or gifts.

(h) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by regulations prescribe;

(i) in the case of a contribution or property placed in trust as described in section 170(f) (2) of the Internal Revenue Code of 1954, as amended through December 31, 1976, a credit shall be allowed under this subdivision to the extent that a deduction is allowable for federal income tax purposes.

Sec. 21. Minnesota Statutes 1978, Section 290.23, is amended by adding a subdivision to read:

Subd. 16. [INCOME FROM OUT-OF-STATE PROPERTY.] There shall be allowed as a deduction in computing the taxable net income of a trust or an estate the amount of income or gains from tangible personal or real property having a situs outside this state allocated to this state according to the provisions of section 290.17, subdivision 1.

Sec. 22. Minnesota Statutes 1978, Section 290.37, Subdivision 1, is amended to read:

290.37 [FILING REQUIREMENTS FOR INDIVIDUALS.] Subdivision 1. [PERSONS MAKING RETURNS.] ~~The following persons shall make a return for each taxable year, or fractional part thereof where permitted or required by law:~~

~~(a) A single individual with respect to his own taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed, or if his gross income exceeds \$1,700.~~

~~(b) A married individual if his own taxable net income or the combined taxable net income of himself and his spouse exceeds an~~

amount on which a tax at the rates herein provided would exceed the specified credits allowed, or if his gross income or the combined gross income of himself and his spouse exceeds \$2,700.

(e) An unmarried individual who has attained the age of 65 before the close of the taxable year with respect to his own taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income exceeds \$2,300.

(d) A married individual living with husband or wife where one has attained the age of 65 before the close of the individual's taxable year if his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds \$3,400.

(c) A married individual living with husband or wife and both spouse have attained the age of 65 if his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds \$3,400.

(b) An unmarried individual who is blind at the close of the taxable year with respect to his own taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income exceeds \$2,300; or \$2,900 if the individual has also attained the age of 65 before the close of the taxable year.

(a) A married individual living with husband or wife and one is blind at the close of the taxable year with respect to his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds \$3,400; or \$3,400 if one has attained the age of 65 before the close of the taxable year and \$2,900 if both have attained the age of 65 before the close of the taxable year.

(4) A married individual living with husband or wife where both are blind at the close of the taxable year with respect to his own taxable net income or the combined taxable net income of himself and his spouse exceeds an amount on which a tax at the rates herein provided would exceed the specified credits allowed or if his gross income or the combined gross income of himself and his spouse exceeds \$3,400; or \$3,900 if one has attained the age of 65 before the close of the taxable year and \$4,400 if both have also attained the age of 65 before the close of the taxable year.

(5) The personal representative of the estate of a decedent with respect to the taxable net income of such decedent for that part of the taxable year during which he was alive if such taxable net income exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if such decedent's gross income for the aforesaid period exceeds \$1,700.

(j) ~~The personal representative of the estate of a decedent with respect to the taxable net income of such estate if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if such estate's gross income exceeds \$1,700. The commissioner of revenue shall annually determine the gross income levels at which individuals shall be required to file a return for each taxable year.~~

(k) ~~The trustee or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if the gross income of such trust exceeds \$750, if in either case such trust belongs to the class of taxable persons.~~

(l) ~~The guardian of an infant or other incompetent person with respect to such infant's or other person's taxable net income if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if the gross income of such infant or other incompetent person exceeds \$1,700.~~

(m) ~~Every corporation shall file a return with respect to its taxable net income if in excess of \$500, or if its gross income exceeds \$5,000. The return in this case shall be signed by an officer of the corporation.~~

(n) ~~The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed (or, if the taxpayer is a corporation, if the taxable net income exceeds \$500), or if such taxpayer's gross income exceeds \$5,000.~~

Such return shall (a) be verified or contain a written declaration that it is made under the penalties of criminal liability for wilfully making a false return, and (b) shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

For purposes of ~~(a)~~ through ~~(n)~~ this subdivision the term "gross income" shall mean gross income as defined in section 61 of the Internal Revenue Code of 1954, as amended through December 31, 1976, modified and adjusted in accordance with the provisions of sections 290.08, 290.17 and 290.65.

Sec. 23. [REPEALER.] *Minnesota Statutes 1978, Section 290.06, Subdivision 12, is repealed.*

Sec. 24. [EFFECTIVE DATE.] *Section 18 is effective for taxable years beginning after December 31, 1977. Except as otherwise provided, the remainder of this article is effective for taxable years beginning after December 31, 1978.*

ARTICLE II: PROPERTY TAX

Section 1. *Minnesota Statutes 1978, Section 256.82, is amended to read:*

256.82 [PAYMENTS BY STATE.] Based upon estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency payment shall be made monthly in advance by the state to the counties of all federal funds available for that purpose for such succeeding month, together with an amount of state funds equal to 70 percent of the difference between the total estimated cost and the federal funds so available for payments made after December 31, 1979 and before January 1, 1981, and 80 percent of the difference for payments made after December 31, 1980. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.

Sec. 2. Minnesota Statutes 1978, Section 256D.03, Subdivision 2, is amended to read:

Subd. 2. After December 31, 1979, and before January 1, 1981, state aid shall be paid to local agencies for 60 percent and, after December 31, 1980, for 70 percent of all general assistance grants up to the standards of section 256D.01, subdivision 1, according to procedures established by the commissioner. Any local agency may, from its own resources, make payments of general assistance at a standard higher than that established by the commissioner, without reference to the standards of section 256D.01, subdivision 1.

Sec. 3. Minnesota Statutes 1978, Section 256D.36, Subdivision 1, is amended to read:

256D.36 [1973 CATEGORICAL AID RECIPIENTS; PROVISIONS FOR SUPPLEMENTAL AID.] Subdivision 1. Commencing January 1, 1974, the commissioner shall certify to each local agency the names of all county residents who were eligible for and did receive aid during December, 1973 pursuant to a categorical aid program of old age assistance, aid to the blind, or aid to the disabled. From and after January 1, 1974 1980, until January 1, 1981, the state shall pay 70 percent and the county shall each pay one-half 30 percent of the supplemental aid calculated for each county resident certified under this section who is an applicant for or recipient of supplemental security income. After December 31, 1980, the state shall pay 80 percent and the county shall pay 20 percent of the aid. The amount of supplemental aid for each individual eligible under this section shall be calculated pursuant to the formula prescribed in Title II, Section 212 (a) (3) of Public Law 93-66, as amended.

Sec. 4. Minnesota Statutes 1978, Section 256D.37, Subdivision 1, is amended to read:

256D.37 [NEW APPLICANTS AND RECIPIENTS; PROVISIONS FOR SUPPLEMENTAL AID.] Subdivision 1. For all applicants for or recipients of supplemental security income who did not receive aid pursuant to any categorical aid program referred to in section 256D.36 during December, 1973, and who

make application to the appropriate local agency, the local agency shall determine whether the individual meets the eligibility criteria prescribed in subdivision 2. For each individual who meets the relevant eligibility criteria prescribed in subdivision 2, the local agency shall certify to the commissioner the amount of supplemental aid to which the individual is entitled in accordance with all of the standards in effect December 31, 1973, for the appropriate categorical aid program. In computing the amount of supplemental aid under this section, the local agency shall deduct from the gross amount of the individual's determined needs all income, subject to the criteria for income disregards in effect December 31, 1973, for the appropriate categorical aid program. From and after the first of the month in which an effective application is filed, the state and the county shall each pay one-half share responsibility for the payment of the supplemental aid to which the individual is entitled under this section as provided in section 256D.36.

Sec. 5. Minnesota Statutes 1978, Section 272.02, Subdivision 1, is amended to read:

272.02 [EXEMPT PROPERTY.] Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity;
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;

(9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the revenue commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under para-

graph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county or city of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county or city thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) The taxpayer shall be exempted with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1 (c), except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures.

(12) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(13) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(14) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(15) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

(16) *Wetlands.* For purposes of this subdivision, "wetlands" means land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes. "Wetlands" shall be land preserved in its natural condition, drainage of which would be lawful, feasible and practical and would provide land suitable for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

Sec. 6. Minnesota Statutes 1978, Section 272.02, is amended by adding a subdivision to read:

Subd. 5. The holding of property by a political subdivision of the state for later resale for economic development purposes shall be considered a public purpose in accordance with subdivision 1, clause (7) for a period not to exceed three years. This subdivision shall not operate to create an exemption from sections 272.01, subdivision 2; 272.68; 273.19; or 462.575, subdivision 3; or other provision of law providing for the taxation of or for payments in lieu of taxes for publicly held property which is leased, loaned, or otherwise made available and used by a private person. This section is effective for taxes levied in 1979 and thereafter, and payable in 1980 and thereafter.

Sec. 7. Minnesota Statutes 1978, Section 273.11, Subdivision 2, is amended to read:

Subd. 2. (a) For assessments of property for the purpose of determining taxes to be levied in 1979, payable in 1980, the assessor, after determining the value of any property, shall compare the value with that determined in the preceding assessment. Notwithstanding the provisions of section 273.17, the amount of the increase entered in the current assessment shall not exceed ten percent of the value in the preceding assessment or one-fourth one-half of the total amount of the increase in valuation whichever is greater; the excess, together with any increase in value which has occurred since the previous assessment, shall be entered in a subse-

quent year or years; provided, however, that if the amount of the increase in market value is

(i) more than ten percent but no more than 20 percent, the excess shall be entered in the following year;

(ii) more than 20 percent but no more than 40 percent, ten percent shall be entered in each subsequent year until the amount remaining to be entered is less than 10 percent in which case the amount remaining will be entered in the next subsequent year; or

(iii) more than 40 percent, the excess shall be entered equally in the three subsequent years added to the market value of the property which shall be used for the purpose of determining taxes to be levied in 1980, payable in 1981. In all subsequent assessments, all real property shall be assessed at its full market value.

(b) In the case of property described in section 273.13, subdivisions 6, 7, 7b, 10, 12, 17, 17b and 19, plus all agricultural property and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes which was not subject to the five percent limitation in valuation increase for the 1973 or the 1974 assessment that was previously provided pursuant to Minnesota Statutes 1974, Section 273.11, Subdivision 2, the value to be used for levying the 1976 taxes payable in 1977 shall be set at the average percent of market value used for the respective class of property in the 1976 tax levies in its assessment district if the market value as determined by the assessor pursuant to section 273.11, subdivision 1 exceeds by more than ten percent the limited market value established for that class of property. Such property shall subsequently increase in value for property tax purposes as prescribed in clause (a).

Sec. 8. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.115] [STATE PAID WETLANDS CREDIT.] *Subdivision 1. The county auditor shall annually reduce the tax liability of each owner of wetlands exempt from property taxation pursuant to section 272.02, subdivision 1, clause (16), by an amount equal to three-fourths of one percent of the average level of estimated market value of an acre of tillable land in the township or city in which the qualifying wetland is located, multiplied by the number of acres of wetlands he owns. Any excess of credit over tax liability shall not be paid to the property owner.*

Subd. 2. The total amounts of credits allowed pursuant to subdivision 1 and the total amounts of revenue lost as a result of the exemption provided in section 272.02, subdivision 1, clause (16), shall be submitted by the county auditor to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. The amount of revenue lost as a result of the exemption shall be computed each year by applying the current mill rates of the taxing jurisdictions in which the wetlands are located to the assessed valuation of the wetlands for purposes of taxes

levied in 1979, payable in 1980. Provided that payment to the county for lost revenue shall not be less than the revenue which would have been received in taxes if the wetlands had an assessed value of \$20 per acre. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

Subd. 3. Payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the exemption provided in section 272.02, subdivision 1, clause (16), and the credit provided in this section.

Subd. 4. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments provided in subdivision 3.

Subd. 5. In order to receive the wetlands credit provided in this section, an owner of wetlands shall agree not to drain the wetlands during the year for which he receives the credit. The local assessor shall certify that each land owner receiving the credit has so agreed.

Subd. 6. The amounts of the wetlands credit and the tax that would have been due but for the exemption in section 272.02, subdivision 1, clause (16) shall be reflected on the property tax statement of each eligible taxpayer.

Sec. 9. Minnesota Statutes 1978, Section 273.122, Subdivision 1, is amended to read:

273.122 [FLEXIBLE HOMESTEAD BASE VALUE.] Subdivision 1. [HOMESTEAD BASE VALUE.] For ~~1975 and prior~~ years 1979, the homestead base value shall mean ~~\$12,000~~ \$21,000 of market value of any property which qualifies as homestead property for assessment purposes. The homestead base value shall be increased in any subsequent assessment year as provided in subdivision 2.

Sec. 10. Minnesota Statutes 1978, Section 273.122, Subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD BASE VALUE INDEX.] In assessment years subsequent to ~~1975~~ 1979, the homestead base value shall be adjusted pursuant to the homestead base value index. The homestead base value index shall be computed by the equalization aid review committee for each year immediately preceding an assessment year. This index is computed in the following manner. The annual statewide average market value of homestead property as indicated by bona fide real estate sales during the year shall be divided by the statewide average market value of all homestead property sold in ~~1974~~ 1978. This quotient is multiplied by 100. For each increase of a full three and one-half points in the index the homestead base value shall be increased ~~\$500~~ \$1,000 in the following assessment year. On or before December 1 of any year preceding an assessment year

the commissioner of revenue shall certify the homestead base value for that year.

Sec. 11. Minnesota Statutes 1978, Section 273.13, Subdivision 4, is amended to read:

Subd. 4. [CLASS 3.] (a) Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3e, all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3 and shall be valued and assessed at 33 $\frac{1}{2}$ percent of the market value thereof, except as provided in clause (b). Except as provided in subdivision 5a, all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use.

(b) For taxes assessed in ~~1977~~ 1979, payable in ~~1978~~ 1980, agricultural land and real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at ~~31~~ 25 percent of its market value, and for taxes assessed in ~~1978~~ 1980, payable in ~~1979~~ 1981 and thereafter, it shall be assessed at ~~30~~ 22 percent of its market value.

Sec. 12. Minnesota Statutes 1978, Section 273.13, Subdivision 5a, is amended to read:

Subd. 5a. [CLASS 3A.] Class 3a shall constitute commercial use real property which abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, which includes a portion used as a homestead by the owner, with the following limitations: the area of the property which shall be included in class 3a shall not exceed 100 feet of lakeshore footage for each cabin located on the property, up to a total of 800 feet, and 500 feet in depth measured away from the lakeshore. Class 3a shall be assessed at ~~18~~ 12 percent of the market value thereof in ~~1977~~ 1979, for taxes payable in ~~1978~~ 1980, and at ~~16~~ percent thereafter. The remainder of the parcel shall be classified and assessed according to the provisions of subdivision 4.

Sec. 13. Minnesota Statutes 1978, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead

shall constitute class 3b and shall be valued and assessed at ~~18~~ 12 percent of the ~~its~~ market value thereof in ~~1977~~ 1979, for taxes payable in 1978, 1980 and at ~~16~~ percent thereafter. The property tax to be paid on class 3b property as otherwise determined by law ~~not~~ exceeding 120 acres less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, shall be reduced by ~~45~~ 50 percent of the tax for taxes payable in 1980, and 55 percent thereafter; provided that the amount of said reduction shall not exceed \$325 \$550 for taxes payable in 1980, and \$600 thereafter. Valuation subject to relief in 1977 for taxes payable in 1978 shall be limited to 120 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and, such other structures as may be included thereon utilized by the owner in an agricultural pursuit. For taxes levied in 1978 payable 1979 and subsequent years, Valuation subject to relief shall be limited to ~~160~~ 240 acres of land, most contiguous surrounding, or bordering, or closest to the house occupied by the owner as his dwelling place, and such other structures as may be included thereon utilized by the owner in an agricultural pursuit, provided that noncontiguous land shall constitute class 3b only if the homestead is classified as class 3b and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead. If the market value is in excess of the homestead base value, the amount in excess of that sum shall be valued and assessed at ~~31~~ 25 percent of its market value in 1977 1979, for taxes payable in 1978 1980, and at ~~30~~ 22 percent thereafter. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Agricultural land as used herein, and in section 273.132, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

Sec. 14. Minnesota Statutes 1978, Section 273.13, Subdivision 7, is amended to read:

Subd. 7. [CLASS 3C, 3CC.] All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c. and shall be valued and assessed at ~~22~~ 18 percent of the market value thereof in 1977 1979, for taxes payable in 1978, 1980 and at ~~20~~ 17 percent thereafter. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value,

shall be reduced by 45 50 percent of the amount of such tax for taxes payable in 1980, and 55 percent thereafter; provided that the amount of said reduction shall not exceed \$325 \$550 for taxes payable in 1980, and \$600 thereafter. If the market value is in excess of the sum of the homestead base value, the amount in excess of that sum shall be valued and assessed at 36 30 percent of market value in 1977 1979, for taxes payable in 1978, 1980 and at 33 1/3 28 percent thereafter. The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. Class 3cc property shall include only real estate which is used for the purposes of a homestead by (a) any blind person, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability; or (c) any person who: (1) is permanently and totally disabled and (2) is receiving (i) aid from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, or (v) aid under the federal railroad retirement act of 1937, 45 United States Code Annotated, Section 228b(a)5; which aid is at least 90 percent of the total income of such disabled person from all sources. Class 3cc property shall be valued and assessed at five percent of the market value thereof. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of the homestead base value, for all purposes shall be reduced by 45 50 percent of the amount of such tax for taxes payable in 1980, and 55 percent thereafter; provided that the amount of said reduction shall not exceed \$325 \$550 for taxes payable in 1980, and \$600 thereafter. If the market value is in excess of the sum of \$28,000, the amount in excess of that sum shall be valued and assessed at 34 25 percent in 1977, 1979 for taxes payable in 1978 1980 and 30 22 percent thereafter, in the case of agricultural land used for a homestead and 36 30 percent in the case of all other real estate used for a homestead for taxes payable in 1978 1980 and 33 1/3 28 percent for taxes payable in 1979 and subsequent years.

Sec. 15. Minnesota Statutes 1978, Section 273.13, Subdivision 14a, is amended to read:

Subd. 14a. [BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY OCCUPANT.] The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by 46 50 percent of the amount of the tax in respect of said value as otherwise determined by law for taxes payable in 1980, and 55 percent thereafter, but not by more than \$325 \$550 for taxes payable in 1980, and \$600 thereafter.

Sec. 16. Minnesota Statutes 1978, Section 273.13, is amended by adding a subdivision to read:

Subd. 17c. [VALUATION OF LOWER INCOME HOUSING.]
A structure which is

(a) 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

(b) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel, shall, for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter, be assessed at 20 percent of its market value. The market value determined by the assessor shall be based on the normal approach to value using normal unrestricted rents.

Sec. 17. Minnesota Statutes 1978, Section 273.13, Subdivision 19, is amended to read:

Subd. 19. [CLASS 3D, 3DD.] Residential real estate containing four or more units, other than seasonal residential, recreational and homesteads shall be classified as class 3d property and shall have a taxable value equal to 40 percent of market value. Residential real estate containing three or less units, other than seasonal residential, recreational and homesteads, shall be classified as class 3dd property and shall have a taxable value equal to 32 percent of market value.

Residential real estate as used herein in this subdivision means real property used or held for use by the owner thereof, or by his tenants or lessees as a residence for rental periods of 30 days or more, but shall not include homesteads, or real estate devoted to temporary or seasonal residential occupancy for recreational purposes. Where a portion of a parcel of property qualified for class 3d or 3dd and a portion does not qualify for class 3d or 3dd the valuation shall be apportioned according to the respective uses.

Residential real estate containing less than three units when entitled to homestead classification for one or more units shall be classed as 3b, 3c or 3cc according to the provisions of subdivisions 6 and 7.

Sec. 18. Minnesota Statutes 1978, Section 273.132, is amended to read:

273.132 [STATE PAID AGRICULTURAL CREDIT.] The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of 15 17 mills on the property. The county auditor shall reduce the tax for school purposes on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

In 1977, payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this section. In 1978, payment shall be made pursuant to sections 124.212, subdivision 7b and 124.11, for the purpose of replacing revenue lost as a result of the reduction in property taxes provided in this section. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make these payments in fiscal year 1978. There is appropriated from the general fund in the state treasury to the department of education the amount necessary to make these payments in fiscal year 1979 and thereafter.

Sec. 19. Minnesota Statutes 1978, Section 273.17, Subdivision 1, is amended to read:

273.17 [ASSESSMENT OF REAL PROPERTY.] Subdivision 1. In every year, on January 2, the assessor shall also assess all real property that may have become subject to taxation since the last previous assessment, including all real property platted since the last real estate assessment, and all buildings or other structures of any kind, whether completed or in process of construction, of over \$1,000 in value, the value of which has not been previously added to or included in the valuation of the land on which they have been erected. The newly assessed property shall be valued initially at a value not exceeding the average percent of market value used in the tax levies for its respective class of property in its assessment district if the market value as determined by the assessor pursuant to

section 273.11, subdivision 1 exceeds by more than ten percent the limited market value established for that class of property. The assessment shall be increased to market value in annual increments as provided in section 273.11, subdivision 2 until such time as the property is reassessed. He shall make return thereof to the county auditor, with his return of personal property, showing the tract or lot on which each structure has been erected and the market value added thereto by such erection. Every assessor shall list, without revaluing, in each year, on a form to be prescribed by the commissioner of revenue, all parcels of land that shall have become homesteads or shall have ceased to be homesteads for taxation purposes since the last real estate assessment, and other parcels of land when the use of the land requires a change in classification or the land has been incorrectly classified in a previous assessment.

The county auditor shall note such change in the assessed valuation upon the tax lists, caused by a change in classification, and shall calculate the taxes for such year on such changed valuation. In case of the destruction by fire, flood, or otherwise of any building or structure, over \$100 in value, which has been erected previous to the last valuation of the land on which it stood, or the value of which has been added to any former valuation, the assessor shall determine, as nearly as practicable, how much less such land would sell for at private sale in consequence of such destruction, and make return thereof to the auditor.

Sec. 20. Minnesota Statutes 1978, Section 273.42, is amended to read:

273.42 [RATE OF TAX; ENTRY AND CERTIFICATION; CREDIT ON PAYMENT; PROPERTY TAX CREDIT.] *Subdivision 1.* The property set forth in section 273.37, subdivision 2, consisting of transmission lines, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average rate of taxes levied for all purposes throughout the county and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited, 35 percent to the general revenue fund of the county, 50 percent to the general school fund of the county, and 15 percent to the townships within the county in which the lines are located, *after deducting the amount required for the property tax credit as provided in subdivision 2.* The amount available for distribution to the townships shall be divided among the townships in the same proportion that the length of transmission line in each township bears to the total length of transmission line in the county, except that if a payment to a town exceeds ten percent of the town's levy for the preceding year, the excess amount shall be paid to the county.

Subd. 2. Owners of land defined as class 3, 3b, 3c, 3cc, 3d or 3f pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was com-

menced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the county by ten percent of the transmission line tax revenue derived from the tax on that line pursuant to section 273.42. Where a right of way width is shared by more than one property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit.

Sec. 21. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.425] [ADJUSTMENT OF LEVY.] *When preparing tax lists pursuant to section 275.28 for each levy year for which credits will be payable under section 20, the county auditor shall deduct from the assessed valuation of the property within the county an amount equal to ten percent of the assessed valuation of transmission lines with respect to which a credit is to be paid. The mill rate necessary to be applied to this reduced total valuation in order to raise the required amount of tax revenue for the local taxing authorities shall be applied to the value of all taxable property in the county, including the entire valuation of those transmission lines. The proceeds of the tax levied against the excluded ten percent of the value of those transmission lines shall be available for purposes of funding of the credit provided in section 20. If the amount of that portion of the levy exceeds the amount necessary to fund the credits, the excess shall be distributed to the taxing districts within which the affected property is located in proportion to their respective mill rates, to be used for general levy purposes.*

Sec. 22. Minnesota Statutes 1978, Section 275.125, Subdivision 6a, is amended to read:

Subd. 6a. (1) In addition to the excess levy authorized in subdivision 6, in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under sections 275.127 and 422A.01 to 422A.25 may levy an amount per pupil unit which is equal to the amount levied in 1975 payable 1976, under sections 275.127 and 422A.01 to 422A.25, divided by the number of pupil units in the district in 1976-1977.

(2) In ~~1977~~ 1979 and each year thereafter, any district which qualified in 1976 for an extra levy under clause (1) shall be allowed to levy the same amount per pupil unit allowed by that clause, as levied for retirement in 1978 under this clause reduced each year by ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, Sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, Sections 275.127 and 422A.01 to 422A.25.

Sec. 23. Minnesota Statutes 1978, Section 275.50, Subdivision 6, is amended to read:

Subd. 6. The cost to a governmental unit of implementing section 18.023, including sanitation and reforestation, as defined in section 18.023, subdivision 1, is a "special levy" and is not subject to tax levy limitations including those contained in sections 275.50 to 275.56 and in Laws 1969, Chapter 593, as amended by Laws 1974, Chapter 108, commencing with the levy made in 1976, payable in 1977, and terminating with the levy made in 1978 1980, payable in 1979 1981. A governmental subdivision may make a supplementary levy in 1977, payable in 1978, for all costs of implementing section 18.023 incurred in calendar year 1977 for which a levy was not made in 1976, payable in 1977. For the purpose of calculating the tax levy limit base under section 275.51, for levy year 1977, taxes payable 1978, there shall be subtracted from the levy limit base of any governmental subdivision an amount equal to 112 percent of the amount levied under section 18.023 in levy year 1974, taxes payable 1975, and included in the levy limit base of the governmental subdivision as a result of Laws 1975, Chapter 437.

Sec. 24. Minnesota Statutes 1978, Section 275.51, Subdivision 3d, is amended to read:

Subd. 3d. The property tax levy limitation for governmental subdivisions in 1977 payable in 1978 and subsequent years shall be calculated as follows:

(a) The sum of the following amounts shall be computed: (1) the property tax permitted to be levied in 1976 payable 1977 computed pursuant to Minnesota Statutes 1976, Section 275.51, Subdivision 3c, plus

(2) the amount of any state aids the governmental subdivision was entitled to receive in calendar year 1977 pursuant to sections 477A.01; 298.26; 298.28, subdivisions 1 and 1a; 298.281, subdivision 1; 298.282; and 294.26, plus

(3) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clauses (a), (c), (d), (e), and (f), except for levies made to pay tort judgments and make settlements of tort claims or to pay the salaries and benefits of municipal and probate court judges, plus

(4) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clause (g) for the administrative costs of public assistance programs or county welfare systems, plus

(5) one-half of the amount of the special levy authorized under section 275.50, subdivision 5, clause (n) shall be added to the permanent levy limit base of the governmental subdivision in the year following the year in which it has been discontinued as a special levy pursuant to the provisions of section 275.50, subdivision 5, clause (n).

(b) The sum computed in clause (a) shall be increased annually

in the manner provided in section 275.52 to derive the levy limit base for successive years.

(c) For taxes levied in 1978 payable 1979 and subsequent years, the levy limit base is the levy limit base which was computed for the immediately preceding year under the provisions of this section increased according to the provisions of section 275.52. To determine the levy limit base for taxes levied in 1979 payable 1980 and subsequent years, (a) the levy limit base used for taxes levied in 1979 payable in 1980 shall be increased by the excess of the amount levied in 1979 for refuse collection and street maintenance over the amount levied in 1978 payable 1979 for those purposes; and (b) in the case of a city of the first class located within the metropolitan area defined in section 473.121, subdivision 2, for the purpose of calculating the levy limit base to be used for taxes levied in 1979, payable 1980, the levy limit base used for taxes levied in 1978, payable 1979, shall be reduced by an amount sufficient to reduce the levy limitation for taxes levied in 1978 payable 1979 by 15 percent. Any amount levied in 1976 payable 1977 under the provisions of section 275.50, subdivision 5, clauses (a), (c), (d), (e) or (f) to meet the costs of programs, services or legal requirements which cease to exist in a subsequent year shall be subtracted from the levy limit base in the year in which the programs, services or legal requirements for which the levy was made cease to exist.

(d) The levy limit base shall be reduced by the total amount of state formula aids pursuant to section 477A.01 and taconite taxes and aids pursuant to sections 294.26; 298.26; 298.28, subdivision 1; and 298.282 and state reimbursements for wetlands property tax exemptions provided in section 272.02, subdivision 1, clause (16), to be paid in the calendar year in which property taxes are payable. As provided in section 298.28, subdivision 1, for taxes payable in 1978 and 1979, two cents per taxable ton, and for taxes payable in 1980 and thereafter, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4) (c) shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

Sec. 25. Minnesota Statutes 1978, Section 275.52, Subdivision 4, is amended to read:

Subd. 4. The levy limit base of a governmental subdivision may be increased upon approval by the levy limit review board established in section 275.551, for the following reasons:

(a) Any governmental subdivision which spent money from its surplus funds for nonspecial levy purposes in calendar year 1971 may have its levy limit base increased by an amount not to exceed the amount of revenue it used from surplus funds for nonspecial levy purposes in calendar year 1971.

(b) Any governmental subdivision which has been required to

provide new services because of changes in state law, whether or not the changed law directly mandates new services, may have its levy limit base increased by an amount not to exceed the amount required to finance the services, provided that the services may not be financed by special levies or special assessments.

(c) Any governmental subdivision which has been required to provide new or expanded services because of annexations, consolidations, mergers or new incorporations since 1970 may have its levy limit base increased by an amount not to exceed the amount required to finance the general operating costs involved in such services.

(d) Any city or township having statutory city powers which has a levy limit base per capita that is below 80 85 percent of the arithmetic average of the levy limit bases per capita for cities and townships having statutory city powers in the same county may have its levy limit base increased by an amount not to exceed the amount required to bring its levy limit base per capita up to 80 85 percent of the arithmetic average of levy limit bases per capita for all cities and townships having statutory city powers in the county which are governed by the provisions of sections 275.50 to 275.59. On or before July 1 of 1977 and each subsequent year, the commissioner or revenue shall certify the average levy limit base per capita for each county for purposes of this clause. Provided that if a city or township having statutory powers has received a levy limit base adjustment from the levy limit review board prior to June 1, 1977 1979, that city or township may also qualify for a base adjustment in accordance with this clause.

Any governmental subdivision which desires to have its levy limit base adjusted under the provisions of this subdivision shall apply to the commissioner of revenue, who shall submit all applications to the levy limit review board established in section 275.551. Applications shall be in the form and accompanied by the data required by the levy limit review board. Adjustments authorized by the levy limit review board shall become a permanent part of the levy limit base for the governmental subdivision. The levy limit review board may authorize only one levy limit base adjustment for any governmental subdivision under this subdivision.

Sec. 26. Minnesota Statutes 1978, Section 275.53, Subdivision 1, is amended to read:

275.53 [GOVERNING CENSUS.] Subdivision 1. For the purpose of determining the amount of tax that a governmental subdivision may levy in accordance with a per capita limitation established by this chapter or the amount of aid that a city or township may receive pursuant to section 477A.01, the population of the governmental subdivision shall be that established by the last state or federal census, or by a special census taken within the entire governmental subdivision pursuant to sections 275.50 to 275.56 or to any other law, by a census taken pursuant to ~~subdivision~~ *subdivisions 1a or 2*, or by a population estimate made by the metropolitan council, by an order of the Minnesota municipal board pursuant to section 414.01, subdivision 14, or by an estimate

made pursuant to subdivision 3, whichever is the most recent as to the stated date of count or estimate, up to and including October 1 of the current levy year. Population changes established after October 1 of the current levy year shall not be used in determining the levy limitation of a governmental subdivision for the current levy year under sections 275.50 to 275.56.

Sec. 27. Minnesota Statutes 1978, Section 275.53, is amended by adding a subdivision to read:

Subd. 1a. Beginning in 1980, the state demographer shall prepare an annual population estimate for each city and town having a population of 2,500 or more for which the metropolitan council does not prepare an annual population estimate.

Sec. 28. Minnesota Statutes 1978, Section 290A.03, Subdivision 3, is amended to read:

Subd. 3. [INCOME.] "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1976; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a) (1), (a) (2), (a) (3), (a) (10), (a) ~~(13)~~ (14), and (a) ~~(14)~~ (15);

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends excluded from federal adjusted gross income under section 116 of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans disability pensions), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a

fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121 *as amended through December 31, 1978*;

(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) gifts from nongovernmental sources;

(d) surplus food or other relief in kind supplied by a governmental agency; ~~or~~

(e) relief granted under sections 273.012, subdivision 2 or 290A.01 to 290A.21 ; *or*

(f) *child support payments received under a temporary or final decree of dissolution or legal separation.*

Sec. 29. Minnesota Statutes 1978, Section 290A.03, Subdivision 11, is amended to read:

Subd. 11. [RENT CONSTITUTING PROPERTY TAXES.] "Rent constituting property taxes" means ~~22~~ 23 percent of the gross rent actually paid in cash, or its equivalent, or that portion of gross rent which is paid in lieu of property taxes, in 1977 ~~or~~ any subsequent calendar year by a claimant solely for the right of occupancy of his Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under sections 290A.01 to 290A.21 by the claimant.

Sec. 30. Minnesota Statutes 1978, Section 290A.03, Subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made pursuant to section 273.13, subdivisions 6 and 7, but after deductions made pursuant to sections 273.132 and 273.135, in 1977 or any calendar year thereafter. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are mobile homes as defined in section 168.011, subdivision 8, "property taxes payable" shall also include ~~22~~ 23 percent of gross rent paid in the preceding year for the site on which the homestead is located, exclusive of charges for utilities or services. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable

on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable", the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable.

Sec. 31. Minnesota Statutes 1978, Section 290A.04, Subdivision 2, is amended to read:

Subd. 2. The refund shall be paid to claimants whose property taxes payable exceed the following percentages of their income, up to the designated maximum credit amounts:

For claimants earning:

\$0 to \$2,999,	0.5 percent,	up to \$475 \$650 ;
3,000 to 3,999,	0.6 percent,	up to \$475 \$650 ;
4,000 to 4,999,	0.7 percent,	up to \$475 \$650 ;
5,000 to 5,999,	0.8 percent,	up to \$475 \$650 ;
6,000 to 6,999,	0.9 percent,	up to \$475 \$650 ;
7,000 to 7,999,	1.0 percent,	up to \$475 \$650 ;
8,000 to 8,999,	1.1 percent,	up to \$475 \$650 ;
9,000 to 9,999,	1.2 percent,	up to \$475 \$650 ;
10,000 to 10,999,	1.3 percent,	up to \$475 \$650 ;
11,000 to 11,999,	1.4 percent,	up to \$475 \$650 ;
12,000 to 19,999,	1.5 percent,	up to \$475 \$650 ;
20,000 to 22,999,	1.6 percent,	up to \$475 \$650 ;
23,000 to 25,999,	1.8 percent,	up to \$425 \$600 ;
26,000 to 30,999,	2.0 percent,	up to \$375 \$550 ;
31,000 to 35,999,	2.2 percent,	up to \$350 \$525 ;
36,000 to 40,999,	2.4 percent,	up to \$325 \$500 ;
41,000 to 44,999,	2.6 percent,	up to \$325 \$500 ;
45,000 to 52,999,	2.8 percent,	up to \$325 \$500 ;
53,000 to 65,999,	3.0 percent,	up to \$325 \$500 ;
66,000 to 81,999,	3.2 percent,	up to \$325 \$500 ;
82,000 to 99,999,	3.5 percent,	up to \$325 \$500 ;
100,000 and over,	4.0 percent,	up to \$325 \$500 ;

provided that maximum credits for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$16.67 per \$1,000; between \$26,000 and \$36,000 decline \$5 per \$1,000.

The payment made to a claimant shall be the amount of refund calculated pursuant to this subdivision, but not exceeding \$675 \$850 , less the homestead credit given pursuant to section 273.13, subdivisions 6 and 7.

Sec. 32. Minnesota Statutes 1978, Section 290A.04, Subdivision 2a, is amended to read:

Subd. 2a. An additional refund shall be allowed each claimant who was not disabled or who had not attained the age of 65 by June 1 of the year in which the taxes were payable and whose claim is based on taxes paid on the home he owns in an amount equal to 35 50 percent of the amount by which property taxes payable and or rent constituting property taxes exceed the sum of (a) the refund calculated pursuant to subdivision 2 and (b) the percentage of the claimant's household income specified in subdivision 2. The sum of the refunds provided in subdivision 2 and this subdivision shall not exceed the maximum amounts provided below.

For claimants earning:

~~\$0 to 19,999, up to \$800;~~

~~20,000 to 25,999, up to \$800 \$1,000 ;~~

~~26,000 to 35,999, up to \$650 \$850 ;~~

~~36,000 and over, up to \$325 \$550 ;~~

provided that maximum refunds for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$25 per \$1,000; between \$26,000 and \$36,000 decline ~~\$32.50~~ \$30 per \$1,000. A claimant who owns his own homestead part of the year and rents part of the year may add his rent constituting property taxes to the qualifying tax on his homestead and receive the additional refund provided in subdivision 2a.

Sec. 33. Minnesota Statutes 1978, Section 290A.04, Subdivision 2b, is amended to read:

Subd. 2b. An additional refund shall be allowed each claimant who is disabled or has attained the age of 65 by June 1 of the year in which the taxes were payable in an amount equal to 50 percent of the amount by which property taxes payable or rent constituting property taxes exceed the sum of (a) the refund calculated pursuant to subdivision 2 and (b) the percentage of the claimant's household income specified in subdivision 2. The sum of the refunds provided in subdivision 2 and this subdivision shall not exceed the maximum amounts provided below.

For claimants earning:

~~\$0 to 19,999, up to \$800;~~

~~20,000 to 22,999, up to \$800 \$1,000 ;~~

23,000 to 25,999, up to \$763 \$975 ;

26,000 to 35,999, up to \$725 \$950 ;

36,000 and over, up to \$525 \$750 ;

provided that maximum refunds for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$12.50 \$8.33 per \$1,000;
between \$26,000 and \$36,000 decline \$20 per \$1,000.

In the case of a claimant who was disabled on or before June 1 or who attained the age of 65 on the date specified in subdivision 1, the refund shall not be less than the refund which the claimant's household income as defined in section 290A.03 and property tax or rent constituting property tax would have entitled him to receive under Minnesota Statutes 1974, Section 290.0618.

Sec. 34. Minnesota Statutes 1978, Section 290A.04, Subdivision 3, is amended to read:

Subd. 3. The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the property taxes to be paid and credit allowed at various levels of income and assessment. The table shall follow the schedule of income percentages, maximums and other provisions specified in ~~subdivision~~ subdivisions 2, 2a, and 2b, except that the commissioner may graduate the transition between income brackets.

For homestead property owners who are disabled or are 65 or older, as provided in subdivision 1, the commissioner shall base his determination of the credit on the gross qualifying tax reduced by the average statewide effective homestead credit percentage for taxes payable in 1975 calculated under section 273.13, subdivisions 6 and 7.

Sec. 35. Minnesota Statutes 1978, Section 360.035, is amended to read:

360.035 [EXEMPTION FROM TAXATION.] Any ~~property~~ properties, real or personal, acquired ~~or, owned, leased, controlled,~~ used, or occupied by a municipality pursuant to the provisions for any of the purposes of sections 360.011 to 360.076, shall be exempt from taxation to the same extent as other property used for public purposes are declared to be acquired, owned, leased, controlled, used, or occupied for public, governmental, and municipal purposes, and shall be exempt from taxation by the state or any of its political subdivisions. Nothing contained in sections 360.011 to 360.076 shall be construed as exempting properties, real or personal, leased from the municipality to a tenant or lessee who is a private person, association, or corporation from assessments or taxes. If any such leased municipal airport property is taxable to the lessee, the municipality shall not be subject to payment of any portion of rentals under section 272.68, subdivision 3.

Sec. 36. Minnesota Statutes 1978, Section 477A.04, Subdivision 2, is amended to read:

Subd. 2. Beginning in calendar year 1980 1982 and subsequent years, an assessment district shall be penalized according to the following schedule:

(a) \$1 per capita if the coefficient of dispersion in assessments for the preceding year is more than 10 percent but less than 12.5 percent;

(b) \$3 per capita if the coefficient of dispersion in assessments for the preceding year is at least 12.5 percent but no more than 15 percent;

(c) \$5 per capita if the coefficient of dispersion in assessments for the preceding year is greater than 15 percent.

Sec. 37. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of public welfare a sum sufficient to make the increased distribution required under sections 1 to 4. The sum of \$30,000 is appropriated to the state planning agency to meet the cost of providing the population estimates required in section 27.*

Sec. 38. [REPEALER.] *Subdivision 1. Minnesota Statutes 1978, Sections 273.11, Subdivision 2; and 272.59 are repealed.*

Subdivision 2. Minnesota Statutes 1978, Section 116C.635 is repealed.

Sec. 39. [EFFECTIVE DATE.] *Sections 5, 8, 18, 19 and 24, except as otherwise provided, and 38, subdivision 2, are effective for taxes levied in 1980 payable in 1981 and thereafter.*

Sections 6, 16 and 17 are effective for taxes levied in 1979 payable 1980 and thereafter.

Sections 20, 21 and 38, subdivision 2, are effective for 1981 payable 1982 and thereafter.

Sections 28 to 34 are effective for claims based on property taxes payable in 1980 and rent constituting property taxes in 1979 and subsequent years, except that section 28, subdivision 3, clause (f) is effective for property tax refund claims based on rent paid in 1976 and property taxes payable in 1977 and subsequent years.

ARTICLE III: INHERITANCE TAX

Section 1. Minnesota Statutes 1978, Section 291.005, Subdivision 1, is amended to read:

291.005 [DEFINITIONS.] Subdivision 1. Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Probate assets" means and includes property owned by a decedent at the time of his death required by section 524.3-706 to be listed on a personal representative's inventory and appraisal.

~~(2)~~ "Non-probate assets" means and includes all property of every kind transferred from a decedent or at or by reason of the decedent's death which is subject to the inheritance tax imposed by this chapter (without regard to deductions or exemptions) and which does not consist of probate assets.

(1) "Federal gross estate" means the gross estate of a decedent as determined for federal estate tax purposes pursuant to the provisions of the Internal Revenue Code.

(2) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of such property and the Minnesota estate tax due with respect to such property.

(3) "Resident decedent" means an individual whose residence at the time of his death was in Minnesota.

(4) "Nonresident decedent" means an individual who at the time of his death was not a resident.

(5) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was a resident at death.

~~(3)~~ (6) "Commissioner" means and refers to the commissioner of revenue of this state or any person or body within the state department of revenue to whom he may have delegated his functions under this chapter.

(4) "Dependent child" means a natural child of the decedent, or a child adopted by the decedent who is incapable of furnishing his own support by reason of a physical or mental ailment, illness or deformity. The commissioner may request verification of the physical or mental condition of the child before allowing the exemptions and rates applicable to a dependent child under this chapter.

(5) "Stepchild" means a child who is not the decedent's natural or adopted child but is the natural or adopted child of the decedent's surviving or deceased spouse.

(7) "Internal Revenue Code" means the United States Internal Revenue Code of 1954 as amended through December 31, 1978.

Sec. 2. Minnesota Statutes 1978, Section 291.01, is amended to read:

291.01 [TAX IMPOSED.] Subdivision 1. A tax shall be and is hereby imposed upon any the transfer of property, real, personal or mixed, or any interest therein, or income therefrom in trust or

otherwise, to any person, association or corporation, except county, town or municipal corporation within the state, for strictly county, town or municipal purposes, in the following cases:

(1) When the transfer is by will or by the intestate laws of this state from any person dying possessed of the property while a resident of this state;

(2) When a transfer is by will or intestate law, of property within the state or within its jurisdiction and the decedent was a non-resident of the state at the time of his death;

(3) When the transfer is of property made by a resident or by a nonresident when such nonresident's property is within this state, or within its jurisdiction, by deed, grant, bargain, sale or gift, made in contemplation of the death of the grantor, vendor, or donor, or intended to take effect in possession or enjoyment at or after such death; any transfer of the material part of the property of a deceased in the nature of a final disposition or distribution thereof, made within three years prior to death, without adequate and full consideration in money or money's worth, shall, unless shown to the contrary, be deemed to have been made in contemplation of death; but no such transfer made prior to such three year period shall be deemed or held to have been made in contemplation of death; and

(4) Nothing in this chapter shall be construed as imposing a tax upon any transfer, as defined in this chapter, of intangibles, however used or held, whether in trust or otherwise, by a person, or by reason of the death of a person, who was not a resident of this state at the time of his death.

Subd. 2. Such tax shall be imposed when any such person or corporation becomes beneficially entitled, in possession or expectancy, to any property or the income thereof, by any such transfer whether made before or after the passage of this chapter.

Subd. 3. A taxable transfer under the provisions of this chapter shall be deemed to have been made:

(1) To the extent of any property with respect to which the decedent has at the time of his death general power of appointment, created on or before October 21, 1942, is exercised by the decedent

(A) by will, or

(B) by disposition which is of such nature that if it were a transfer of property owned by the decedent, such transfer would be taxable under the provisions of this chapter;

but the failure to exercise such a power or the complete release of such a power shall not be deemed an exercise thereof. If a general power of appointment created on or before October 21, 1942, has been partially released so that it is no longer a general power of appointment, the exercise of such power shall not be deemed to be the exercise of a general power of appointment if

(a) such partial release occurred before November 1, 1950, or

(b) the donee of such power was under a legal disability to release such power on October 21, 1942, and such partial release occurred not later than six months after the termination of such legal disability.

(2) To the extent of any property with respect to which the decedent has at the time of his death a general power of appointment created after October 21, 1942, or with respect to which the decedent has at any time exercised or released such a power of appointment by a disposition which is of such nature that if it were a transfer of property owned by the decedent, such transfer would be taxable under the provisions of this chapter. A disclaimer or renunciation of such a power of appointment shall not be deemed a release of such power. For purposes of this paragraph (2), the power of appointment shall be considered to exist on the date of the decedent's death even though the exercise of the power is subject to a precedent giving of notice or even though the exercise of the power takes effect only on the expiration of a stated period after its exercise, whether or not on or before the date of the decedent's death notice has been given or the power has been exercised.

(3) To the extent of any property with respect to which the decedent:

(A) by will, or

(B) by a disposition which is of such nature that if it were a transfer of property owned by the decedent such transfer would be taxable under the provisions of this chapter,

exercises a power of appointment created after October 21, 1942, by creating another power of appointment which can be validly exercised so as to postpone the vesting of any estate or interest in such property, or suspend the absolute ownership or power of alienation of such property, for a period ascertainable without regard to the date of the creation of the first power.

(4) The term "general power of appointment" means a power which is exercisable in favor of the decedent, his estate, his creditors or the creditors of his estate; except that:

(A) A power to consume, invade, or appropriate property for the benefit of the decedent which is limited by an ascertainable standard relating to the health, education, support, or maintenance of the decedent shall not be deemed a general power of appointment.

(B) A power of appointment created on or before October 21, 1942, which is exercisable by the decedent only in conjunction with another person shall not be deemed a general power of appointment.

(C) In the case of a power of appointment created after October 21, 1942, which is exercisable by the decedent only in conjunction with another person:

(a) If the power is not exercisable by the decedent except in

contingent with the creator of the power, such power shall not be deemed a general power of appointment.

(b) If the power is not exercisable by the decedent except in conjunction with a person having a substantial interest in the property, subject to the power, which is adverse to exercise of the power in favor of the decedent, such power shall not be deemed a general power of appointment. For the purposes of this clause a person who, after the death of the decedent, may be possessed of a power of appointment (with respect to the property subject to the decedent's power) which he may exercise in his own favor shall be deemed as having an interest in the property and such interest shall be deemed adverse to such exercise of the decedent's power.

(c) If, after the application of clauses (a) and (b), the power is a general power of appointment and is exercisable in favor of such other person, in such power shall be deemed a general power of appointment only in respect of a fractional part of the property subject to such power, such part to be determined by dividing the value of such property by the number of such persons, including the decedent, in favor of whom such power is exercisable. For purposes of clauses (b) and (c) a power shall be deemed to be exercisable in favor of a person if it is exercisable in favor of such person, his estate, his creditors, or the creditors of his estate.

(5) The lapse of a power of appointment created after October 21, 1942, during the life of the individual possessing the power shall be considered a release of such power. The preceding sentence shall apply with respect to the lapse of powers during any calendar year only to the extent that the property, which could have been appointed by exercise of such lapsed powers, exceeded in value, at the time of such lapse, the greater of the following amounts:

(a) \$5,000 or

(b) Five percent of the aggregate value, at the time of such lapse, of the assets out of which, or the proceeds of which, the exercise of the lapsed powers could have been satisfied.

(6) For purposes of this subdivision, a power of appointment created by a will executed on or before October 12, 1942, shall be considered a power created on or before such date if the person executing such will dies before July 1, 1949, without having republished such will, by codicil or otherwise, after October 21, 1942.

Subd. 4. Whenever any property, real or personal, is held in the joint names of two or more persons, or is deposited in banks or in other institutions or depositories in the joint names of two or more persons payable to either or the survivor, upon the death of one of such persons the right of the survivor or survivors, to the immediate ownership or possession and enjoyment of such property, shall be deemed a transfer and subject to the inheritance tax imposed by this chapter, except such part thereof as may be shown to have originally belonged to the survivor or survivors and never to have been received or acquired by them from the decedent for less than an adequate and full consideration in money or money's

worthy in which case there shall be excepted only such part as is proportionate to the consideration furnished by the survivor or survivors. Provided, where any property has been acquired prior to April 20, 1925, by the decedent and spouse, as joint tenants, not in excess of one-half of the value thereof shall be taxable. Provided, further, where property has been acquired at any time by gift, bequest, devise, or inheritance, by the decedent and any other person or persons, as joint tenants, the taxable portion shall be the value of a fractional part of said property to be determined by dividing the value of the property by the number of joint tenants.

Where personal property is held in joint names, such property shall be deemed to be transferred to the survivors as provided in this subdivision unless it is established to the satisfaction of the commissioner that the decedent intended a different disposition. Upon the showing of evidence of that intent to the commissioner, the right of survivorship shall not be deemed to be a transfer to the named survivors subject to the inheritance tax, provided the survivors make the disposition according to the evidenced intention of the decedent and present to the commissioner statements signed by the transferees acknowledging receipt of the property from the named survivors; the disposition by the survivors to the transferees shall be deemed a transfer from the decedent to the transferees and shall be subject to the inheritance tax imposed by this chapter. This paragraph shall not apply to cases where the aggregate value of joint tenancy assets exceeds \$30,000.

Subd. 5. (1) The proceeds of all life or accident insurance policies whether now in force or hereafter issued, payable on account of the decedent's death shall be subject to the tax herein imposed, as follows:

(a) To the extent of the amount receivable by the executor of the decedent as insurance under policies on the life of the decedent.

(b) To the extent of the amount receivable by all other beneficiaries as insurance under policies on the life of the decedent with respect to which the decedent possessed at his death any of the incidents of ownership, exercisable either alone or in conjunction with any other person. For purposes of the preceding sentence, the term "incident of ownership" includes a reversionary interest (whether arising by the express terms of the policy or other instrument or by operation of law) only if the value of such reversionary interest exceeded five percent of the value of the policy immediately before the death of the decedent. As used in this paragraph, the term "reversionary interest" includes a possibility that the policy, or the proceeds of the policy, may return to the decedent or his estate, or may be subject to a power of disposition by him. The value of a reversionary interest at any time shall be determined (without regard to the fact of the decedent's death) by usual methods of valuation, including the use of tables of mortality and actuarial principles, pursuant to regulations prescribed by the commissioner of internal revenue or his delegate. In determining the value of a possibility that the policy or proceeds

thereof may be subject to a power of disposition by the decedent, such possibility shall be valued as if it were a possibility that such policy or proceeds may return to the decedent or his estate.

(2) Such proceeds shall be deemed a transfer within the meaning of that term as used in this chapter and a part of decedent's estate, and shall be taxable to the person or persons entitled thereto.

(3) Every corporation, partnership, association, individual, order, or society authorized to transact life, accident, fraternal, mutual benefit, or death benefit insurance business which shall pay to any person, association, or corporation any insurance or death benefit in excess of \$1,000 or shall transfer any unpaid balance of, or any interest in, any annuity contract or deposit, upon the death of a resident of this state, shall give notice of such payment or transfer to the commissioner within ten days from the date thereof. Such notice shall be given on the forms prescribed by the commissioner and such notice shall set forth such information as the commissioner shall prescribe the Minnesota taxable estate of every decedent as prescribed by chapter 291.

Sec. 3. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.015] [DETERMINATION OF MINNESOTA TAXABLE ESTATE.] *The Minnesota taxable estate of a decedent shall be his federal gross estate as defined in Section 2031 of the Internal Revenue Code less the sum of:*

(1) *The value of any gifts of real property located outside this state which are otherwise includable in the federal gross estate under Section 2035(a) of the Internal Revenue Code;*

(2) *The value of property owned by the decedent at the time of his death which has its situs outside Minnesota;*

(3) *The exemptions and deductions allowed pursuant to sections 291.05, 291.051, 291.065, 291.07, and 291.08; and*

(4) *The sum of \$200,000, provided that, in the case of a non-resident decedent, this amount shall be reduced by that proportion of the value of the decedent's federal gross estate which has its situs outside of this state.*

Sec. 4. Minnesota Statutes 1978, Section 291.03, is amended to read:

291.03 [RATES.] *When the property or any beneficial interest therein passes by any such transfer where the amount of the property shall exceed in value the exemption or exemptions herein-after specified, where applicable, The tax hereby imposed shall be :*

(1) *Where the person entitled to any beneficial interest in such property shall be the surviving spouse, minor or dependent child of the decedent, or any minor or dependent legally adopted child, at computed by applying to the Minnesota taxable estate the following prescribed rates:*

1½ 7 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 201.05, clauses (3) through (7) \$100,000.

- 2 8 percent on the next \$25,000 \$100,000 or part thereof.
- 3 9 percent on the next \$50,000 \$100,000 or part thereof.
- 4 10 percent on the next \$50,000 \$200,000 or part thereof.
- 5 11 percent on the next \$50,000 \$500,000 or part thereof.
- 6 percent on the next \$100,000 or part thereof.
- 7 percent on the next \$100,000 or part thereof.
- 8 percent on the next \$100,000 or part thereof.
- 9 percent on the next \$500,000 or part thereof.
- 10 12 percent on the excess over \$1,000,000.

(2) Where the person or persons entitled to any beneficial interest in such property shall be the adult child or other lineal descendant of the decedent, adult legally adopted child or issue, lineal ancestor of the decedent, stepchild as defined in section 291.005, or any child to whom such decedent for not less than ten years prior to such transfer stood in the mutually acknowledged relation of a parent; provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday and was continuous for said ten years thereafter, or any lineal issue of such mutually acknowledged child, at the following prescribed rates:

2 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 201.05, clauses (3) through (7).

- 4 percent on the next \$25,000 or part thereof.
- 6 percent on the next \$50,000 or part thereof.
- 7 percent on the next \$100,000 or part thereof.
- 8 percent on the next \$200,000 or part thereof.
- 9 percent on the next \$600,000 or part thereof.
- 10 percent on the excess over \$1,000,000.

(3) Where the person or persons entitled to any beneficial interest in such property shall be the brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or a husband or widower of a daughter of the decedent, at the following prescribed rates:

6 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 201.05, clauses (3) through (7).

- 8 percent on the next \$25,000 or part thereof.
- 10 percent on the next \$50,000 or part thereof.

- 12 percent of the next \$50,000 or part thereof.
- 14 percent on the next \$50,000 or part thereof.
- 16 percent on the next \$100,000 or part thereof.
- 18 percent on the next \$100,000 or part thereof.
- 20 percent on the next \$100,000 or part thereof.
- 22 percent on the next \$500,000 or part thereof.
- 25 percent on the excess over \$1,000,000.

(4) Where the person or persons entitled to any beneficial interest in such property shall be in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate, at the following prescribed rates:

8 percent on that part of the first \$25,000 which exceeds the applicable exemption or exemptions specified in section 291.05, clauses (3) through (7).

- 10 percent on the next \$25,000 or part thereof.
- 12 percent on the next \$50,000 or part thereof.
- 14 percent on the next \$50,000 or part thereof.
- 16 percent on the next \$50,000 or part thereof.
- 18 percent on the next \$100,000 or part thereof.
- 20 percent on the next \$100,000 or part thereof.
- 22 percent on the next \$100,000 or part thereof.
- 26 percent on the next \$500,000 or part thereof.
- 30 percent on the excess over \$1,000,000.

Provided that the amount of tax imposed by this chapter on the transfer of any estate shall not be less than the maximum tax credit allowable for state death taxes against the federal estate tax imposed with respect to that part of the decedent's estate which has a taxable situs in this state.

Sec. 5. Minnesota Statutes 1978, Section 291.05, is amended to read:

291.05 [EXEMPTIONS.] The following exemptions from the tax are hereby allowed:

(1) Any devise, bequest, gift, or transfer : (a) to or for the use of the United States of America or any state or any political subdivision thereof for public purposes exclusively, and any ~~devise, bequest, gift, or transfer~~ ; (b) to or for the use of any corporation, fund, foundation, trust, or association operated within this state for religious, charitable, scientific, literary, education or public cemetery purposes exclusively, including the encouragement of art and the prevention of cruelty to children or animals, no

part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or individual, and any bequest or transfer or to a trustee or trustees exclusively for such purposes, shall be exempt. Any devise, bequest, gift, or transfer; (c) to an employee stock ownership trust as defined in section 290.01, subdivision 25, shall be exempt. Where provided that, if the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the exemption shall be reduced by the product of multiplying said amount by their percentage interest in the trust.

Any devise, bequest, gift, or transfer not to exceed \$1,000 made; (d) to a clergyman, in an amount not exceeding \$1,000, the proceeds of which are to be used for religious purposes or rites designated by the testator; shall be exempt. Any devise, bequest, gift, or transfer; and (e) to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, education, or public cemetery purposes exclusively, including the encouragement of art, and the prevention of cruelty to children or animals, no part of which devise, bequest, gift, or transfer inures to the profit of any private stockholder or any individual, and any bequest or transfer or to a trustee or trustees exclusively for such purposes, shall be exempt, if, at the date of the decedent's death, the laws of the state under the laws of which the transferee was organized or existing, either (1) did not impose a death tax of any character, in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contained a reciprocal provision under which transfers to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of another state were exempted from death taxes of every character if such other state allowed a similar exemption to a similar corporation, fund, foundation, trust, or association, organized under the laws of such state.

(2) The homestead of a decedent, and the proceeds thereof if sold during administration, transferred to the spouse or to any minor or dependent child of the decedent, or to any minor or dependent legally adopted child of the decedent, shall be exempt to the extent of \$45,000 of the appraised value thereof. In no case shall the quantity of land considered to be the homestead of a decedent for the purpose of this exemption exceed 120 acres if the land is not included in the laid out or platted portion of a city. If the land is within a laid out or platted portion of a city, its area shall not exceed one-half of an acre. In the case of a decedent's estate wherein no property or beneficial interest therein passing by reason of death is eligible for the homestead exemption because the decedent did not have an interest in property constituting a homestead at the time of his death, there shall be allowed an exemption in lieu of the homestead exemption, in the amount of \$10,000. The exemption shall be allocated among the surviving spouse and the decedent's natural or adopted minor or dependent children in proportion to the total amount of property or any interest therein passing to such spouse and children.

Proceeds of any insurance policy issued by the United States and generally known as war risk insurance, United States government life insurance or national service life insurance payable upon the death of any person dying on or after June 24, 1950, shall be exempt.

Proceeds of life insurance issued pursuant to Public Law 89-214 and generally known as servicemen's group life insurance payable upon the death of any person on or after September 1, 1965, shall be exempt. Claims for refunds of inheritance tax paid on such proceeds shall be accepted by the commissioner if filed with him by December 31, 1970, or within 18 months after such payment, whichever is later.

Proceeds of payments made by the United States government as compensation for the decedent's service as a member of the armed forces of the United States during a period while he was classified as missing in action prior to being declared dead, shall be exempt. The commissioner shall make refunds for inheritance taxes paid which are attributable to payments exempt pursuant to this paragraph upon the filing of a claim by each beneficiary of the estate for his portion of the inheritance tax paid. Claims for refund must be filed with the commissioner no later than July 1, 1982.

(3) Proceeds of payments from the United States railroad retirement fund; or from the United States as social security benefit or veterans burial benefit, shall be exempt.

(3) (i) Property or any beneficial interest therein of the clear value of \$60,000 transferred to the surviving spouse, shall be exempt.

(ii) Provided, where the amount of family maintenance allowed by the probate court is less than the maximum deductible under the provisions of section 201.10, or if no such maintenance is allowed, there shall be allowed to the surviving spouse an additional exemption equal in amount to the difference between the maximum deduction as provided by section 201.10 and the amount of such family maintenance allowed by the probate court. Further provided, where no probate proceedings are had there shall be allowed to the surviving spouse an additional exemption equal to the maximum deduction allowed for family maintenance under the provisions of section 201.10.

(4) (i) Property or any beneficial interest therein of the clear value of \$30,000 transferred to each minor or dependent child of the decedent, or any minor or dependent legally adopted child of the decedent, shall be exempt.

(ii) Provided, where the decedent left no surviving spouse entitled to the exemption allowed by clause (3) of this section the exemption allowed by subparagraph (ii) of clause (3) shall be allowed to beneficiaries entitled to exemption under the provisions of this clause. In no event shall the aggregate amount of exemption so allowed be in excess of the additional amount that

would have been allowed under subparagraph (ii) of clause (3) had such paragraph been applicable.

(5) Property of any beneficial interest therein of the clear value of \$6,000 transferred to any adult child or other lineal descendant of the decedent, any adult legally adopted child, step-child as defined in section 291.005, or any child to whom the decedent, for not less than ten years prior to his death, stood in the mutually acknowledged relation of a parent; provided, such mutually acknowledged relationship began at or before the child's fifteenth birthday, and was continuous for ten years thereafter; or any lineal issue of such adopted or mutually acknowledged child, or any lineal ancestor of the decedent, shall be exempt.

(6) Property of any beneficial interest therein of the clear value of \$1,500 transferred to any brother or sister or a descendant of a brother or sister of the decedent, a wife or widow of a son, or a husband or widower of a daughter of the decedent, shall be exempt.

(7) Property of any beneficial interest therein of the clear value of \$500 transferred to any person in any other degree of collateral consanguinity than is hereinbefore stated, or shall be a stranger in blood to the decedent, or shall be a body politic or corporate not exempt under this chapter, shall be exempt.

Sec. 6. Minnesota Statutes 1978, Section 291.051, is amended to read:

291.051 [MARITAL DEDUCTION.] Subdivision 1. For the purposes of this section, the terms defined in this subdivision shall have the meaning given them herein.

"Marital exemption" means 50 percent, but not more than \$250,000, of the net taxable value passing to the surviving spouse of a decedent domiciled in Minnesota at the time of his death.

"Net taxable value" means the gross value passing to the surviving spouse, reduced by the value of real property outside Minnesota and tangible personal property permanently located outside Minnesota included in the gross value passing to the surviving spouse, and reduced by the deductions attributable to such gross value pursuant to section 291.07, except subdivision 1, clause (5), but without regard to the exemptions allowed to the surviving spouse by sections 291.05, clauses (1), (2), and (3), and 291.10.

"Marital exemption tax" means a tax imposed at the rates provided by this chapter on the value of property passing to the surviving spouse less the marital exemption, but without regard to the exemptions allowed to the surviving spouse by sections 291.05, clauses (1), (2) and (3) and 291.10.

Subd. 2. If the marital exemption tax on the property passing to the surviving spouse is less than a tax computed on that property under the other provisions of this chapter, the marital exemption tax shall be imposed in lieu of the tax computed under the other provisions. For the purpose of section 3, clause (3), the value of the

Minnesota taxable estate shall, except as limited by subsection (b) of Section 2056 of the Internal Revenue Code and by subdivision 2, be determined by deducting from the value of the federal gross estate an amount equal to the value of any interest in property which passes or has passed from the decedent to his surviving spouse, but only to the extent that the interest has a taxable situs in this state and is included in determining the value of the federal gross estate. An interest in property shall be considered as passing from the decedent to his surviving spouse if it is considered as passing from the decedent to the surviving spouse under Section 2056(d) of the Internal Revenue Code.

Subd. 2. [LIMITATION.] The amount of the deduction allowed under this section for a resident decedent shall not exceed the greater of:

(a) \$250,000, or

(b) 50 percent of the value of the federal adjusted gross estate as defined in Section 2056(c)(2)(A) of the Internal Revenue Code, reduced by an amount equal to the adjustment made, if any, for federal estate tax purposes with respect to any gift or gifts made by the decedent to his spouse after December 31, 1976 under Section 2056(c)(1)(B) of the Internal Revenue Code, and further reduced by the value of any property passing from the decedent to his surviving spouse which is exempt from estate tax under section 291.065 and is included in determining the value of the federal gross estate. In the case of a nonresident decedent, the amount of the deduction allowed under this section shall be determined without reference to subpart (a) of this subdivision.

Sec. 7. Minnesota Statutes 1978, Section 291.06, is amended to read:

291.06 [CREDIT FOR PREVIOUSLY PAID TAXES.] (a) Where property is transferred to any person described in section 291.03, clauses (1) and (2), which can be identified as having been transferred to the decedent at death from a person who died within five years prior to the death of the decedent, and such transfer to the decedent was within the class of transfer described in said section 291.03, clauses (1) and (2), such property shall be exempt to the extent of the value thereof at the date of death of the prior decedent but not to exceed the value at the date of death of the second decedent. Provided, (1) no such exemption shall be allowed unless an inheritance tax was determined and paid to this state on the transfer thereof from the said prior decedent; (2) the exemption shall be limited to the value of property which is in excess of the amount of the exemption provided in section 291.05 allowed on the transfer to the decedent; (3) unless such previously transferred property is specifically devised or bequeathed, the exempt property for purposes of taxation shall be considered as belonging to the residue of the estate; (4) property exempt under this section shall not be included in computing the rate applicable to other transfers to the beneficiary receiving such exempt property or can be identified as having been acquired in exchange for

property so received, a credit for any transfer taxes paid pursuant to the provisions of this act or any inheritance tax paid pursuant to the provisions of Minnesota Statutes, Chapter 291 in effect prior to the effective date of this act upon that property during the preceding five years shall be allowed upon the transfer tax at his death. This credit shall not exceed the allocable portion of the tax due with respect to that property for estate tax purposes.

(b) A credit shall also be allowed in the amount of any gift tax paid pursuant to chapter 292, if that transfer of property is subject to taxation under chapter 291 because it was made within three years of the decedent's death. The credit shall not exceed the amount of the tax imposed on the transfer pursuant to chapter 291.

Sec. 8. Minnesota Statutes 1978, Section 291.065, is amended to read:

291.065 [EMPLOYEE RETIREMENT PLANS, EXEMPTION.] *To the extent included in the federal gross estate, the value of an annuity or other payment receivable by a surviving spouse or minor or dependent child of the decedent or a trust for their benefit after December 31, 1956, shall be exempt from inheritance estate tax if received under (1) an employees' trust (or under a contract purchased by an employees' trust) forming part of a pension, stock bonus, or profit sharing plan, which at the time of the decedent's separation from employment (whether by death or otherwise), or at the time of termination of the plan if earlier, met the requirement of section 401(a) of the Internal Revenue Code of 1954, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue; (2) a retirement annuity contract purchased by an employer (and not by an employees' trust) pursuant to a plan, which at the time of the decedent's separation from employment (by death or otherwise), or at the time of termination of the plan if earlier, met the requirements of paragraph (3) of section 401(a) of such code, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue; or (3) a retirement annuity contract purchased by an employer which is an organization referred to in section 503(b) (1) (2) or (3) of such code and which is exempt from tax under section 501(a) of such code, as adapted to the provisions of this chapter under regulations issued by the commissioner of revenue any plan, which at the time of the decedent's separation from employment, whether by death or otherwise, or at the time of termination of the plan if earlier, qualified under section 401, 403, 404, 405, 408 or 409 of the Internal Revenue Code; (2) a benefit plan for employees of the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions or any other state or its political or governmental subdivisions; or (3) for members of a Minnesota volunteer firefighters' relief association. If such amounts payable after the death of the decedent under a plan described in clause (1) (2) or (3) are attributable to any extent to payments or contributions made by the decedent, no exemp-*

tion shall be allowed for that part of the value of such amounts in the proportion that the total payments or contributions made by the decedent bears to the total payments or contributions made. For purposes of the preceding sentence, contributions or payments made by the decedent's employer or former employer under a trust or plan described in clause (1) (2) or (3) shall not be considered to be contributed by the decedent.

Sec. 9. Minnesota Statutes 1978, Section 291.07, Subdivision 1, is amended to read:

291.07 [DEDUCTIONS.] Subdivision 1. In determining the tax imposed by section 291.01, where, a personal representative has been appointed for the estate, or where a decree of descent for the estate has been entered under section 525.31 or where there have been summary proceedings for the estate if under section 525.51, the following deductions shall be allowed:

(1) funeral expenses;

(2) probate reasonable legal, accounting, fiduciary and administration expenses and fees with respect to both probate and non-probate assets, including but not limited to expenses incurred during administration in converting real and personal property held by the estate into cash;

(3) Expenses of last illness unpaid at death;

(4) valid claims against *and debts of* the decedent, *unpaid at death*, which have been properly paid;

(5) family maintenance to the extent provided by section 291.10

(6) value of personal property to the extent of the amount allowed under the provisions of section 525.15

(7) federal estate taxes determined as follows:

(a) the value of the net estate taxable in Minnesota reduced by the deduction allowable for transfer for public, charitable and religious use as prescribed by Internal Revenue Code, Section 2055 and by the marital deduction as prescribed by Internal Revenue Code, Section 2056, shall be the numerator of a fraction;

(b) the denominator of the fraction shall be the value of the net estate everywhere reduced by the same class of deductions allowable in subparagraph (a) above;

(c) the ratio of the fraction so derived shall be multiplied by the federal estate tax due and payable to the United States Treasury;

(d) for purposes of this clause, the net estate is defined as the gross value of the estate on the applicable valuation date reduced by any unpaid mortgages on, or any indebtedness in respect of, property where the decedent's interest therein, undiminished by such mortgage or indebtedness, is included in the value of the gross estate.

~~(8)~~ other taxes which have accrued and are a lien on property in the estate at the time of death

~~(9)~~ reasonable fees for legal or fiduciary services incident to non-probate assets

~~(10)~~ (5) Minnesota and federal income taxes on "income in respect of a decedent," as computed under subdivision 3.

(6) federal estate taxes allocable to the Minnesota taxable estate. The portion of federal estate taxes allocable to the Minnesota taxable estate shall be equal to the amount obtained by multiplying the total federal estate tax by a fraction, the numerator of which is the Minnesota taxable estate plus the amount of the federal estate tax on the estate of the decedent and the denominator of which is the federal taxable estate for federal estate tax purposes;

(7) real estate taxes due and payable prior to or in the year of the decedent's death with respect to real estate subject to taxation under chapter 291 and other taxes which have accrued and are a lien on property in the estate at the time of death;

(8) liens and mortgages on property subject to taxation under chapter 291 which are not deductible as claims or debts of the decedent.

Sec. 10. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.075] [ALTERNATE VALUATION OF QUALIFIED PROPERTY.] *When property subject to the tax imposed by chapter 291 qualifies for valuation based on its use pursuant to section 2032A of the Internal Revenue Code, it shall have the same value for Minnesota estate tax purposes as it has for federal estate tax purposes.*

Sec. 11. Minnesota Statutes 1978, Section 291.08, is amended to read:

291.08 [NONRESIDENT ESTATES; ALLOWANCE OF DEDUCTIONS AND EXEMPTIONS.] ~~(a)~~ Where any a tax is due on the transfer of any property or interest therein owned by a non-resident, the following deductions and exemptions shall be allowed as provided in clauses ~~(b)~~ and ~~(c)~~ below:

~~(b)~~ Deductions.

(1) Funeral expenses to the extent incurred in Minnesota;

(2) Minnesota probate administration expense;

~~(3)~~ Family maintenance to the extent provided by section 291.10, reduced by the maximum amount allowed or allowable under the laws of the state of residence of the decedent;

(4) Value of personal property to the extent of the amount allowed under section 525.15, reduced by the maximum amount al-

lowed or allowable under the laws of the state of residence of the decedent;

(5) *Reasonable legal, accounting, fiduciary and administration fees and expenses allocable to both probate and nonprobate property included in the Minnesota gross estate;*

(3) *Federal estate taxes subject to the limitations imposed by as computed in section 291.07;*

(6) *Other (4) Real estate taxes which have accrued and are a lien on Minnesota property at the time of death, or which are owed to Minnesota in respect of taxable income, due and payable prior to or in the year of the decedent's death;*

(5) *Liens and mortgages on property included in the Minnesota gross estate.*

(7) *Reasonable fees for legal or fiduciary services incident to nonprobate assets taxable in Minnesota.*

(e) *Exemptions. The exemptions applicable to the person entitled to a beneficial interest shall be allowed as in the case of residents under section 291.06, reduced by the maximum exemption allowed or allowable under the laws of the state of residence of the decedent.*

Sec. 12. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 1a. In all instances in which a resident decedent dies after December 31, 1979 and before January 1, 1981 leaving a federal gross estate in excess of \$161,000 and in all instances in which a resident decedent dies after December 31, 1980 leaving a federal gross estate in excess of \$175,000, and the decedent has an interest in property with a situs in Minnesota, and in all instances in which a non-resident decedent has a liability under chapter 291, the personal representative shall submit to the commissioner, on a form prescribed by the commissioner, a Minnesota estate tax return. The return shall be accompanied by a federal estate tax return and shall contain a computation of the Minnesota estate tax due. The return shall be signed by the personal representative.

Sec. 13. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 2a. The commissioner may designate on the return the documents that are required to be filed together with the return in order to determine the proper valuation of assets and computation of tax. The commissioner shall not be bound by any item on the return unless he has received all required documents and unless all items of information on the return have been completed.

Sec. 14. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 3a. (a) The commissioner may challenge matters of valuation or taxability of any assets reported on the return, or any

deductions claimed, or the computation of tax, only if within 90 days of receipt of the return and all documents required to be filed with the return, the commissioner mails or delivers a written notice to the personal representative objecting to the return as filed and specifying the reasons for the objection.

(b) If the personal representative disagrees with the objection or does not wish to fully comply with the objection, he may request that the commissioner hold a hearing on the objection. Within 30 days of receipt of a request, the commissioner shall set a time and place for hearing. Unless otherwise agreed upon, the hearing date shall not be earlier than 30 days nor later than 60 days from the date of the notice setting the hearing. The notice of hearing shall set forth the rights available to the personal representative under chapter 15. Not later than 30 days after the commissioner receives the report and recommendation of the hearing examiner, or a written waiver of his hearing rights by the personal representative, the commissioner shall issue an order determining the tax. Any such determination made by the commissioner may be appealed to the tax court as provided in section 271.09.

(c) At any time together with or after the objection, the commissioner, on his own initiative, may set a time and place for a hearing in accordance with (b) above.

(d) In his objection, or at any time thereafter, the commissioner may assess any additional tax as the facts may warrant, subject to the right of the personal representative to demand a hearing under chapter 15. If the personal representative does not demand a hearing within 90 days of the date of the assessment, the tax so assessed shall be legally due and the commissioner may proceed to collect any unpaid tax after one year from the date of death. If the commissioner later finds the tax assessment to be erroneous, he may adjust the assessment prior to collection.

(e) The commissioner shall not be required to object to any subsequent original, amended or supplemental return in order to preserve his rights. The commissioner shall not be precluded from objecting to a subsequent original, amended or supplemental return even though an original return was accepted as filed. If the commissioner had accepted an original return showing no tax due and a subsequent original, amended or supplemental return discloses additional assets not disclosed on the original return, the commissioner may object to any matter of valuation, taxability, deduction or computation of tax on the original return within 90 days of receipt of the subsequent original, amended or supplemental return.

(f) Subject to the provisions of section 291.11, the Minnesota estate tax liability shall be considered as finally determined on the date notification of acceptance is issued to the personal representative or, if no objection is filed, on the 91st day after the return, together with all other documents required to be filed with the return, is received.

(g) Subject to the time limits imposed elsewhere in this chapter, the commissioner may refund an overpayment of tax penalty

or interest even though the personal representative has not made an application for refund.

Sec. 15. Minnesota Statutes 1978, Section 291.09, is amended by adding a subdivision to read:

Subd. 4a. If any estate tax return required to be filed pursuant to the provisions of this section has not been filed, the commissioner may make and file a return including a computation of the tax resulting from the transfers therein reported. At the time of the filing the commissioner shall mail copies of the return to the personal representative, if any, and to each person from whom any portion of the tax is due. The return may be objected to and a hearing held on the objections in the manner provided in subdivision 3a.

Sec. 16. Minnesota Statutes 1978, Section 291.09, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding other provisions of this chapter, when agreed in writing between the commissioner and the representative, values for purposes of the inheritance estate tax on both probate and non-probate assets shall be the same as those finally determined for purposes of the federal estate tax on a decedent's estate.

Sec. 17. Minnesota Statutes 1978, Section 291.09, Subdivision 7, is amended to read:

Subd. 7. The inheritance estate tax return, except as otherwise provided in this chapter, shall be filed with the commissioner within ~~12~~ nine months after the decedent's death.

Sec. 18. Minnesota Statutes 1978, Section 291.11, Subdivision 1, is amended to read:

291.11 [TIME EFFECTIVE.] Subdivision 1. [UPON DEATH; TIME OF ASSESSMENT.] (a) All taxes imposed by this chapter shall take effect at and upon the death of the person ~~from whom the transfer is made~~ whose estate is subject to taxation and shall be due and payable at the expiration of ~~12~~ nine months from such death, except as otherwise provided in this chapter. Provided, that any taxpayer who owes at least \$5,000 in taxes may choose to pay these taxes in five equal installments over a period of time not to exceed five years from the death of the person ~~from whom the transfer is made~~ whose estate is subject to taxation or five years from the expiration of the extension granted by the commissioner pursuant to section 291.132, whichever is later. When a taxpayer elects to pay the tax in installments, he shall notify the commissioner in writing no later than ~~12~~ nine months after the death of the person ~~from whom the transfer is made~~ whose estate is subject to taxation. If the taxpayer fails to pay an installment on time, the election shall be revoked and the entire amount of unpaid tax shall be due and payable 90 days after the date on which the installment was payable.

(b) (A) False return—in the case of a false or fraudulent re-

turn with the intent to evade tax, any additional tax resulting therefrom may be assessed at any time.

(B) No return—in the case of failure to file a return, the tax may be assessed at any time.

(C) Omissions—in the case where there is omitted from the estate items subject to tax under this chapter the tax on such omitted items may be assessed at any time.

In determining the items omitted, there shall not be taken into account any item which has been disclosed in the return or in a statement attached to the return in a manner adequate to apprise the commissioner of the nature and amount of such item.

(c) Where, before the expiration of the time prescribed in this chapter for the determination or adjustment of the tax, the commissioner and the taxpayer shall consent in writing to the extension of time for such determination or adjustment the tax may be determined at any time prior to the expiration agreed upon and in the manner agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

~~(d) The estate tax prescribed in section 291.34, notwithstanding the period of limitations prescribed for determination of the inheritance tax in this chapter shall be determined by the commissioner not later than 90 days following the filing of the Minnesota estate tax return with the commissioner, together with a copy of the federal audit report or the closing letter accepting the federal return as originally filed.~~

Sec. 19. Minnesota Statutes 1978, Section 291.111, Subdivision 1, is amended to read:

291.111 [TAXATION OF DISCLAIMED INTERESTS.] Subdivision 1. Transfers of any interest in real or personal property and all rights and powers relating to the same which have been duly disclaimed pursuant to the provisions of sections 501.211 and 525.532, or in any manner provided in subdivision 2 shall be subject to the ~~inheritance~~ estate tax imposed by this chapter, and acts amendatory thereof only if, and to the same extent and in the same manner as, the same would have been subject to said tax if said interests, rights or powers had been originally created in favor of and transferred to the same persons and in the same shares in which they are effectively distributed or otherwise disposed of, after giving full effect to such disclaimers, pursuant to the governing instrument, if any, and sections 501.211 and 525.532 and all other applicable law.

Sec. 20. Minnesota Statutes 1978, Section 291.132, is amended to read:

291.132 [EXTENSION TO FILE OR PAY.] *Subdivision 1.* The commissioner may extend the time for filing returns or making payment of the tax, without penalty, for a period not to exceed

six months. In lieu of the six month extension, the commissioner may extend the time for payment of the tax, without penalty, for a period not to exceed two years if the payment of the tax would result in an undue hardship on the estate. The written request for the undue hardship extension shall be made to the commissioner no later than 12 months after the death of the person from whom the transfer is made. The taxpayer may elect to pay the taxes in installments as specified in section 291.11, subdivision 1, provided that the period of time for the payment of the taxes shall not exceed five years from the expiration of the extension granted by the commissioner. Where an extension of time has been granted, interest shall be payable at the rate specified in section 270.75 from the date when such payment should have been made, if no extension had been granted, until such tax is paid.

Subd. 2. In lieu of an extension provided pursuant to subdivision 1 or payment of the estate tax in installments pursuant to section 291.11 on the property which qualifies under this subdivision, the commissioner may extend the time for payment of the tax on property which qualifies for valuation under section 10. The personal representative of an estate containing such property may elect to pay all or part of the tax imposed by chapter 291 in two or more, but not to exceed ten, equal installments, provided that the maximum amount of tax which may be paid in installments pursuant to this subdivision shall be an amount which bears the same ratio to the estate's tax liability under chapter 291 as the value of property determined pursuant to section 12 bears to the amount of the taxable estate. The first installment shall be paid on or before the date selected by the personal representative. The date may be no more than five years after the date prescribed by section 291.11, subdivision 1, for payment of the estate tax. Each succeeding installment shall be paid on or before that same date each year. An election under this subdivision shall be made not later than the time prescribed by section 291.11 for filing of the estate tax return and shall be made in the manner as the commissioner shall prescribe by rule.

Subd. 3: If the time for payment of estate tax has been extended under subdivision 2, interest shall be payable as provided in this subdivision.

(a) Interest payable under section 291.15 on any unpaid portion of the amount attributable to the first five years after the date prescribed by section 291.11 for payment of the tax shall be paid annually.

(b) Interest payable under section 291.15 on any unpaid portion of the amount attributable to any period after the five year period referred to in clause (a) shall be paid annually at the same time as, and as part of, each installment payment of the tax.

(c) If the executor has selected a period shorter than five years under subdivision 2 the shorter period shall be substituted for five years in clauses (a) and (b).

Sec. 21. Minnesota Statutes 1978, Section 291.14, is amended to read:

291.14 [PERSONAL LIABILITY OF PERSONAL REPRESENTATIVE AND TRANSFEREE.] Subdivision 1. Every tax imposed by this chapter shall be a lien upon the property embraced in any inheritance, devise, bequest, legacy, or gift until paid, and The personal representative and person to whom such property which is subject to taxation under chapter 291 is transferred shall be personally liable for such tax, until its payment, to the extent of the value of such the property. No such lien shall be enforced against real property, included in the probate estate, unless the state shall assert the same by filing a statement of its lien in the office of the county recorder or registrar of titles in the county wherein such real estate may be situated, within ten years after the date of any deed of distribution or decree of distribution which may be entered in the estate involved.

Subd. 1a. (1) Where an order approving distribution of property is not issued by the court, any tax due on the transfer of such property or interest to a devisee or to heirs who are entitled under the statutes of intestate succession shall be a lien upon such property until the tax imposed by this chapter is paid.

(2) The lien shall not be enforced against real property subject to the provisions of clause (1) unless the state asserts it by filing a statement of lien in the office of the county recorder or the registrar of titles in the county where the real estate is situated within ten years from the date of recording a copy of the death record of the testate or intestate decedent, as the case may be, together with a statement by the commissioner acknowledging receipt of an inventory and appraisal listing the real property.

(3) When the tax on property subject to the provisions of this subdivision has been paid, or if there be deposited with the commissioner a sum of money in an amount equal to the tax which, in the judgment of the commissioner may be due upon the transfer of the property, or if there is no tax required to be paid, the commissioner shall certify on an affidavit prescribed by him or instrument of conveyance that the lien for inheritance tax has been satisfied or has been waived, as the case may be. The affidavit or instrument of conveyance so certified may be recorded as are other instruments affecting the title to real estate.

Subd. 2. (1) Except as provided in clause (4) of this subdivision, Where a lien for inheritance tax imposed under this chapter may be enforced against real property transferred to surviving joint tenants, or upon property transferred by a decedent during such decedent's lifetime, the surviving joint tenants or the transferees of the property so transferred by the decedent shall file on a form prescribed by the commissioner a schedule of non-probate assets listing the property or interest taxable. Any tax due on the transfer of such property or interest to the surviving joint tenants or to the transferees of the property so transferred by the decedent shall be reported on an inheritance tax return

filed with the commissioner pursuant to section 291-09, and shall be a lien upon the interest of the surviving joint tenants or the transferees, until paid, and the surviving joint tenants or the transferees shall be personally liable for such tax to the extent of the value of such property.

(2) No lien shall be enforced against real property subject to the provision of clause (1) of this subdivision unless the state shall assert the same by filing a statement of such lien in the office of the county recorder or registrar of titles in the county wherein such real estate may be situated within ten years from the date of recording a copy of the death record of the deceased joint tenant or deceased transferor, together with a copy of the schedule of non-probate assets required to be filed with the commissioner pursuant to clause (1) of this subdivision, which copy shall have been duly acknowledged by the commissioner.

(3) Where the tax on property subject to the provisions of clause (1) of this subdivision has been paid, or if there is deposited with the commissioner cash in an amount equal to the tax which, in the judgment of the commissioner, may be due upon the transfer of such property, or if there is no tax required to be paid, the commissioner shall certify on an affidavit of survivorship remainderman, described by the commissioner, that the lien has been satisfied or waived as the case may be. The affidavit so certified may be recorded as are other instruments affecting the title to real estate.

(4) (a) (i) When the decedent's death occurred subsequent to April 20, 1939, the provisions of this clause shall apply to the spouse, minor or dependent natural or adopted child of the decedent, or to the combination of classes of persons included herein;

(ii) When decedent's death occurred in the period beginning on April 21, 1939, and ending April 25, 1949, the provisions of this clause shall apply to the spouse, minor or dependent natural or adopted child or any other issue of the decedent, or to any combination of classes of persons included in this subparagraph (ii);

(b) Where the homestead is held in joint tenancy with the right of survivorship by the decedent and persons meeting the conditions described in (a) above, an affidavit in the form and manner prescribed by the commissioner, may be delivered to the county recorder or the registrar of titles. Such affidavit shall declare

(i) that the surviving joint tenant or tenants were members of the classes described in (a) above at the date of decedent's death (if any of the surviving joint tenants were minors, state date of such minor's birth);

(ii) that the property described as the homestead was owned and occupied by the decedent as his principal dwelling place at date of death;

(iii) that the quantity of land included in such property is not

in excess of 120 acres, and not included in the laid out or platted portion of any city. If the land is within a laid out or platted portion of a city, its area shall not exceed one-half of an acre,

(iv) that the gross market value of such property at date of death was not in excess of \$45,000,

(v) the affidavit to be delivered to the county recorder or registrar of titles shall have attached thereto a certified copy of the death certificate with respect to the death of the deceased joint tenant.

The affidavit shall be in lieu of an affidavit of survivorship certified by the commissioner and shall extinguish the lien imposed on such property by clause (2) of this subdivision, and shall be recorded or filed as a document affecting the title to the real estate. The county recorder or registrar of titles shall not be required to verify the declarations made in such affidavit.

(e) A copy of the affidavit (which need not bear a copy of the death certificate) shall be supplied to the county recorder or registrar of titles; he will forward this copy to the commissioner at his office in St. Paul, Minnesota.

(d) Where it appears that a schedule of non-probate assets would otherwise not be required to be filed, the property, the lien on which has been extinguished in accordance with the provisions of paragraph (a) above, need not be reported on a schedule of non-probate assets.

Subd. 4. The lien of the state for inheritance taxes payable by a personal representative shall not extend to any right acquired by a bona fide purchaser, mortgagee, or lessee through any conveyance made by such personal representative, provided that such personal representative delivers to the county recorder or registrar of titles, as the case may be, a declaration that the property described therein has been sold to a bona fide purchaser, or has been mortgaged or leased, as the case may be. The declaration so submitted shall have attached thereto a certified copy of letters evidencing the appointment of such personal representative. The county recorder or registrar of titles shall submit a copy of such declaration to the commissioner at his office in St. Paul, Minnesota, without any requirement that the statements made therein by such personal representative have been verified. The lien so extinguished with respect to such bona fide purchaser, mortgagee or lessee shall not be reinstated or challenged by the commissioner.

Sec. 22. Minnesota Statutes 1978, Section 291.19, Subdivision 3, is amended to read:

Subd. 3. Any personal representative, trustee, heir or legatee of a nonresident decedent desiring to transfer property having its situs in this state may make application to the commissioner of revenue for the determination of whether there is any tax due to the state on account of the transfer of the decedent's property and such applicant shall furnish to the commissioner of revenue there-

with an affidavit setting forth a description of all property owned by the decedent at the time of his death and having its situs in the state of Minnesota, the value of such property at the time of said decedent's death; also when required by the commissioner of revenue, a description of and statements of the true value of all the property owned by the decedent at the time of his death and having its situs outside the state of Minnesota, and also a schedule or statement of the valid claims against the estate of the decedent, including the expenses of his last sickness and funeral and the expenses of administering his estate, to the extent that such claims were incurred within this state. Such person shall also, on request of the commissioner of revenue, furnish to the latter a certified copy of the last will of the decedent in case he died testate, or an affidavit setting forth the names, ages and residences of the heirs at law of the decedent in case he died intestate and the proportion of the entire estate of such decedent inherited by each of said persons, ~~and the relation, if any, with each legatee, devisee, heir, or transferee sustained to the decedent or person from whom the transfer was made~~. Such affidavits shall be subscribed and sworn to by the personal representative of the decedent or some other person having knowledge of the facts therein set forth.

Sec. 23. Minnesota Statutes 1978, Section 291.20, Subdivision 1, is amended to read:

291.20 [SAFETY DEPOSIT COMPANIES NOT TO TRANSFER FUNDS.] Subdivision 1. No person holding securities or assets belonging at the time of death of a decedent to him or to him and another or others as joint tenants, or having on deposit funds in excess of \$1,000 to the credit of a decedent, or to the decedent and another or others as joint tenants, or to the credit of the decedent as trustee for another or others, or renting a safe deposit box or other place of safekeeping to a decedent, individually or as joint tenant or tenant in common, shall deliver or transfer the same to any person, or permit any person to have access thereto, unless notice of the time and place of such intended transfer or access be served upon the county treasurer, personally or by representative, in which event the county treasurer, personally or by representative, may examine said securities, assets, funds or contents of such safe deposit box, at the time of such delivery, transfer or access. If, upon such examination the county treasurer or his representative shall for any cause deem it advisable that such securities, assets or funds should not be immediately delivered or transferred, or access to said safe deposit box or other place of safekeeping should not immediately be granted, he may forthwith notify in writing such person to defer delivery or transfer or access, as the case may be, for a period not to exceed ten days from the date of such notice, and thereupon it shall be the duty of the person notified to defer such delivery, transfer or access until the time stated in such notice or until prior revocation thereof. Failure to serve the notice first above mentioned, or to allow such examination, or to defer delivery or transfer of such securities, assets, or funds, or to refuse access

to such safe deposit box or other place of safekeeping for the time stated in the second of such notices, shall render such person liable to the payment of the tax due, not exceeding \$1,000, upon the transfer of said securities, assets, or funds, or upon securities, assets, or moneys in such safe deposit box or other place of safekeeping, pursuant to the provisions of this act; provided, however, that nothing herein contained shall subject such person to liability for the payment of any such tax unless such person had knowledge of the death of the decedent prior to such delivery or transfer of such securities, assets, or funds, or entry to said safe deposit box or other place of safekeeping. The word "person" as used herein shall include individual persons, safe deposit companies, banks, trust companies, savings and loan associations, partnerships and all other organizations.

Any person seeking access to any safe deposit box upon the death of any person who at the time of his death was a tenant thereof either individually or as joint tenant or tenant in common, or seeking to withdraw securities, assets or funds belonging to the decedent or which decedent had the right to withdraw, shall notify the person renting such safe deposit box or holding such securities, assets or funds of the decedent's death. Any person who wilfully fails to give the notice of the death of the decedent required by this paragraph with intent to evade taxes due hereunder shall be guilty of a misdemeanor. It shall be a complete defense to any prosecution under the provisions of this subdivision that no inheritance estate tax was due from the decedent's estate.

Sec. 24. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.215] [VALUATION OF ESTATE; REPORTING.] *Subdivision 1. The valuation of all property includable in the Minnesota taxable estate of a decedent shall be subject to review and approval of the commissioner of revenue.*

Subd. 2. Before the final settlement of an estate the personal representative shall furnish an amended estate tax return listing all property and taxable transfers or other events of which he has become aware since the first estate tax return was made which would result in a change in either the amount of the estate tax initially determined or the statements made by the affiant therein. He also shall furnish copies of any documents or records and any other information relating to the estate or its value upon request of the commissioner of revenue.

Subd. 3. The personal representative shall file an amended estate tax return within 90 days after any amended estate tax return is filed pursuant to the provisions of the United States Internal Revenue Code. If no amended federal estate tax return is filed but the federal estate tax return is changed or corrected, the change or correction shall be reported to the commissioner of revenue within 90 days after the final determination of the change or correction is made. Upon receipt of an amended federal estate tax return or upon notification of any change or correction made

on the federal estate tax return, the commissioner of revenue may reassess the estate tax.

Sec. 25. Minnesota Statutes 1978, Section 291.27, is amended to read:

291.27 [UNPAID TAX; OMITTED PROPERTY.] *If any tax is due and unpaid under the provisions of this chapter, the representative, the county attorney of the county in which an estate is probated, the attorney general or the commissioner may apply to the probate court for a citation, citing the persons liable to pay such tax to appear before the court on a day specified, not more than three months from the date of such citation, and show cause why the tax should not be paid. The judge of the probate court, upon such application, and whenever it shall appear to him that any such tax accruing under this chapter has not been paid as required by law, shall issue such citation, and the service of such citation, and the time, manner, and proof thereof, and the hearing and determination thereon, shall conform, as near as may be, to the provisions of the probate code of this state; and whenever it shall appear that any such tax is due and payable and the payment thereof cannot be enforced under the provisions of this chapter in the probate court, the person or corporation from whom the same is due is hereby made liable to the state for the amount of such tax.*

Any tax due and unpaid under the provisions of this chapter may be enforced and collected from any transferee of property included in the Minnesota estate by action in a the court of administration of the estate of the decedent or in a court of general jurisdiction by the personal representative of any estate, or by action, in the name of the state, brought by the attorney general, the county attorney or the commissioner in the name of the state.

Any property which for any cause is omitted from an appraisal, inventory, or schedule of non-probate assets the Minnesota estate tax return so that its value is not taken into consideration in the determination of the inheritance taxes estate tax, may be subsequently taxed against the persons receiving the same, or any part thereof, to the same effect as if included in the original appraisal, inventory, schedule of non-probate assets, inheritance estate tax return and determination, except that any personal representative of an estate discharged from his trust in the meantime shall not be liable for the payment of such tax. When any property has been thus omitted in the determination of an inheritance estate tax, such taxes the tax thereon may be determined and recovered in a civil action brought by the attorney general or the commissioner, in the name of the state, in any court of general jurisdiction, or may be prosecuted to collection by citation and subsequent proceedings in the probate court wherein the estate was administered.

Sec. 26. Minnesota Statutes 1978, Chapter 291, is amended by adding a section to read:

[291.48] [PUBLICITY OF RETURNS; INFORMATION.]

It shall be unlawful for the commissioner or any other public official, employee or former employee to divulge or otherwise make known in any manner any particulars set forth or disclosed in any report or return required by chapter 291 or 292 or information acquired while examining or auditing any taxpayer's liability for taxes thereunder, except in connection with a proceeding involving taxes due under chapter 291 or 292 from the taxpayer making the return. The commissioner may furnish a copy of any return or report to any official of the United States or any state having duties to perform in respect to the assessment or collection of any inheritance, estate, or gift tax, if the taxpayer is required by the laws of the United States or of the other state to make a return therein. Prior to the release of any information to any official of the United States or any other state under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that he will protect the confidentiality of the returns and information revealed to the extent that it is protected under the laws of the state of Minnesota. The commissioner and all other public officials and employees shall keep and maintain the same secrecy with respect to any information furnished by any department, commission, or official of the United States or of any other state. Nothing herein contained shall be construed to prohibit the commissioner from publishing statistics so classified as not to disclose the identity of particular property, decedents, heirs, or personal representatives, returns or reports and the contents thereof. Any person violating the provisions of this section shall be guilty of a gross misdemeanor.

The return of a decedent or donor shall, upon written request, be open to inspection by or disclosure to (a) the administrator, executor, or trustee of his estate, and (b) any heir at law, next of kin, or beneficiary under the will of the decedent, and any other person whose basis in property is determined in whole or part by values set forth in the return, or (c) a donee of the property, but only if the commissioner finds that the heir, next of kin, beneficiary or other person or donee has a material interest which will be affected by information contained therein.

Sec. 27. Minnesota Statutes 1978, Section 291.33, Subdivision 1, is amended to read:

291.33 [PAYMENTS TO COUNTIES.] Subdivision 1. On or before the first of November in each year the commissioner shall determine the net amount of ~~inheritance tax, Minnesota estate tax~~ and interest collected thereon which has been paid to the commissioner during the fiscal year ending June 30 next preceding from estates in each of the several counties of this state wherein probate proceedings have been had or where, if no probate proceedings have been required, wherein are located the probate courts that would have had venue under the provisions of section 524.3-201, had there been assets of decedents subject to probate.

For purposes of this subdivision net amount shall be the total amount paid from each of the several counties under the provisions

of this chapter, during the appropriate fiscal year, reduced by the refunds made by the commissioner applicable to each of the several counties under the provisions of this chapter, during the same fiscal year.

Sec. 28. Minnesota Statutes 1978, Section 352.15, Subdivision 1, is amended to read:

352.15 [EXEMPTION FROM PROCESS AND TAXATION.] Subdivision 1. None of the moneys, annuities, or other benefits mentioned herein shall be assignable either in law or in equity or be subject to execution, levy, attachment, garnishment, or other legal process, or to any state income tax or state inheritance estate tax, except that none shall be exempt from taxation under chapter 201, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Provided, however, the executive director may pay an annuity, benefit or refund to a banking institution, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former employee, the executive director may mail the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such employee's account or joint account with his spouse. The board of directors may prescribe the conditions under which such payments will be made.

Sec. 29. Minnesota Statutes 1978, Section 353.15, is amended to read:

353.15 [NONASSIGNABILITY AND EXEMPTION OF ANNUITIES AND BENEFITS FROM JUDICIAL PROCESS AND TAXATION.] No money, annuity, or benefit provided for in this chapter is assignable or subject to a power of attorney, execution, levy, attachment, garnishment, or legal process, including actions for divorce, legal separation, and child support, or to any state income tax or state inheritance estate tax, except that none shall be exempt from taxation under chapter 201, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Provided, however, the association may pay an annuity, benefit or refund to a trust company, qualified under chapter 48, that is trustee for a person eligible to receive such annuity, benefit or refund. Upon the request of a retired, disabled or former member, the association may mail the annuity, benefit or refund check to a banking institution, savings association or credit union for deposit to such person's account or joint account with his spouse. The association may prescribe the conditions under which such payment will be made. If in the judgment of the executive director conditions so warrant, payment may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe.

Sec. 30. Minnesota Statutes 1978, Section 354.10, is amended to read:

354.10 [FUND NOT SUBJECT TO ASSIGNMENT OR PROCESS; BENEFICIARIES.] The right of a teacher to avail himself of the benefits provided by this chapter, is a personal right only and shall not be assignable. All moneys to the credit of a teacher's account in the fund or any moneys payable to him from the fund shall belong to the state of Minnesota until actually paid to the teacher or his beneficiary pursuant to the provisions of this chapter. Any power of attorney, assignment or attempted assignment of a teacher's interest in the fund, or of the beneficiary's interest therein, by a teacher or his beneficiary, including actions for divorce, legal separation, and child support, shall be null and void and the same shall be exempt from garnishment or levy under attachment or execution and from all taxation by the state of Minnesota, except that none shall be exempt from taxation under chapter 291, unless transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Provided however, the board may pay an annuity or benefit to a banking institution, qualified under chapter 48, that is a trustee for a person eligible to receive such annuity or benefit. Upon completion of the proper forms as provided by the board, the annuity or benefit check may be mailed to a banking institution, savings association or credit union for deposit to the recipient's individual account or joint account with his or her spouse. The board shall prescribe the conditions which shall govern these procedures. If in the judgment of the executive director conditions so warrant, payment may be made to a public body in behalf of an annuitant, disabilitant, or survivor upon such terms as the executive director may prescribe. Any beneficiary designated by a teacher under the terms of this chapter, may be changed or revoked by the teacher at his pleasure, in such manner as the board may prescribe. In case a designated beneficiary dies before the teacher designating him dies, and a new beneficiary is not designated, the teacher's estate shall be the beneficiary.

Sec. 31. Minnesota Statutes 1978, Section 354A.11, is amended to read:

354A.11 [CERTAIN MONEYS AND CREDITS OF TEACHERS EXEMPT.] All moneys deposited by a teacher or member or deposited by any other person or corporation, municipal or private, to the credit of such teacher or member in a corporation organized as a "Teachers Retirement Fund Association" under sections 354A.03 to 354A.10, and all moneys, rights, and interests or annuities due or to become due to such teacher, member, or annuitant, or their beneficiaries, from any such association shall not be assignable, shall be exempt from garnishment, attachment, and execution or sale on any final process issued from any court and shall not be subject to the inheritance estate tax provisions of this state if transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit.

Sec. 32. Minnesota Statutes 1978, Section 524.3-706, is amended to read:

524.3-706 [DUTY OF PERSONAL REPRESENTATIVE; INVENTORY AND APPRAISEMENT.] Within three months after his appointment, a personal representative, who is not a special administrator or a successor to another representative who has previously discharged this duty, shall prepare and file with the court or registrar and mail to the surviving spouse, if there be one, and to all residuary distributees an inventory of property owned by the decedent at the time of his death, listing it with reasonable detail, and indicating as to each listed item, its fair market value as of the date of the decedent's death, and the type and amount of any encumbrance that may exist with reference to any item.

The personal representative shall also mail a copy of the inventory to interested persons or creditors who request it, and shall file an executed copy of the Minnesota inheritance tax return with the court or registrar.

Sec. 33. Minnesota Statutes 1978, Section 524.3-916, is amended to read:

524.3-916 [APPORTIONMENT OF ESTATE TAXES.] (a) For purposes of this section:

(1) "estate" means the gross estate of a decedent as determined for the purpose of federal estate tax and the estate tax payable to this state;

(2) "person" means any individual, partnership, association, joint stock company, corporation, government, political subdivision, governmental agency, or local governmental agency;

(3) "person interested in the estate" means any person entitled to receive, or who has received, from a decedent or by reason of the death of a decedent any property or interest therein included in the decedent's estate. It includes a personal representative, conservator, and trustee;

(4) "state" means any state, territory, or possession of the United States, the District of Columbia, and the Commonwealth of Puerto Rico;

(5) "tax" means the federal estate tax and the state estate tax determined by the commissioner of revenue pursuant to section 291.34 chapter 291 and interest and penalties imposed in addition to the tax;

(6) "fiduciary" means personal representative or trustee.

(b) Unless the will or other written instrument otherwise provides, the tax shall be apportioned among all persons interested in the estate. The apportionment is to be made in the proportion that the value of the interest of each person interested in the estate bears to the total value of the interests of all persons interested in the estate. The values used in determining the tax are to be used for that purpose. If the decedent's will or other written instrument directs a method of apportionment of tax dif-

ferent from the method described in this code, the method described in the will or other written instrument controls.

(c)(1) The court in which venue lies for the administration of the estate of a decedent, on petition for the purpose may determine the apportionment of the tax.

(2) If the court finds that it is inequitable to apportion interest and penalties in the manner provided in subsection (b), because of special circumstances, it may direct apportionment thereof in the manner it finds equitable.

(3) If the court finds that the assessment of penalties and interest assessed in relation to the tax is due to delay caused by the negligence of the fiduciary, the court may charge him with the amount of the assessed penalties and interest.

(4) In any action to recover from any person interested in the estate the amount of the tax apportioned to the person in accordance with this code the determination of the court in respect thereto shall be prima facie correct.

(d) (1) The personal representative or other person in possession of the property of the decedent required to pay the tax may withhold from any property distributable to any person interested in the estate, upon its distribution to him, the amount of tax attributable to his interest. If the property in possession of the personal representative or other person required to pay the tax and distributable to any person interested in the estate is insufficient to satisfy the proportionate amount of the tax determined to be due from the person, the personal representative or other person required to pay the tax may recover the deficiency from the person interested in the estate. If the property is not in the possession of the personal representative or the other person required to pay the tax, the personal representative or the other person required to pay the tax may recover from any person interested in the estate the amount of the tax apportioned to the person in accordance with Laws 1975, Chapter 347.

(2) If property held by the personal representative is distributed prior to final apportionment of the tax, the distributee shall provide a bond or other security for the apportionment liability in the form and amount prescribed by the personal representative.

(e)(1) In making an apportionment, allowances shall be made for any exemptions granted, any classification made of persons interested in the estate and for any deductions and credits allowed by the law imposing the tax.

(2) Any exemption or deduction allowed by reason of the relationship of any person to the decedent or by reason of the purposes of the gift inures to the benefit of the person bearing such relationship or receiving the gift; but if an interest is subject to a prior present interest which is not allowable as a deduction, the tax apportionable against the present interest shall be paid from principal.

(3) Any deduction for property previously taxed and any credit for gift taxes or death taxes of a foreign country paid by the decedent or his estate inures to the proportionate benefit of all persons liable to apportionment.

(4) Any credit for inheritance, succession or estate taxes or taxes in the nature thereof applicable to property or interests includable in the estate, inures to the benefit of the persons or interests chargeable with the payment thereof to the extent proportionately that the credit reduces the tax.

(5) To the extent that property passing to or in trust for a surviving spouse or any charitable, public or similar gift or devisee is not an allowable deduction for purposes of the tax solely by reason of an ~~inheritance tax or other death estate tax~~ imposed upon and deductible from the property, the property is not included in the computation provided for in subsection (b) hereof, and to that extent no apportionment is made against the property. The sentence immediately preceding does not apply to any case if the result would be to deprive the estate of a deduction otherwise allowable under section 2053(d) of the Internal Revenue Code of 1954, as amended, of the United States, relating to deduction for state death taxes on transfers for public, charitable, or religious uses.

(f) No interest in income and no estate for years or for life or other temporary interest in any property or fund is subject to apportionment as between the temporary interest and the remainder. The tax on the temporary interest and the tax, if any, on the remainder is chargeable against the corpus of the property or funds subject to the temporary interest and remainder.

(g) Neither the personal representative nor other person required to pay the tax is under any duty to institute any action to recover from any person interested in the estate the amount of the tax apportioned to the person until the expiration of the three months next following final determination of the tax. A personal representative or other person required to pay the tax who institutes the action within a reasonable time after the three month period is not subject to any liability or surcharge because any portion of the tax apportioned to any person interested in the estate was collectible at a time following the death of the decedent but thereafter became uncollectible. If the personal representative or other person required to pay the tax cannot collect from any person interested in the estate the amount of the tax apportioned to the person, the amount not recoverable shall be equitably apportioned among the other persons interested in the estate who are subject to apportionment.

(h) A personal representative acting in another state or a person required to pay the tax domiciled in another state may institute an action in the courts of this state and may recover a proportionate amount of the federal estate tax, of an estate tax payable to another state or of a death duty due by a decedent's estate to another state, from a person interested in the estate who is either

domiciled in this state or who owns property in this state subject to attachment or execution. For the purposes of the action the determination of apportionment by the court having jurisdiction of the administration of the decedent's estate in the other state is prima facie correct.

Sec. 34. Minnesota Statutes 1978, Section 524.3-1001, is amended to read:

524.3-1001 [FORMAL PROCEEDINGS TERMINATING ADMINISTRATION; TESTATE OR INTTESTATE; ORDER OF DISTRIBUTION, DECREE, AND GENERAL PROTECTION.]

(a) (1) A personal representative or any interested person may petition for an order of complete settlement of the estate. The personal representative may petition at any time, and any other interested person may petition after one year from the appointment of the original personal representative except that no petition under this section may be entertained until the time for presenting claims which arose prior to the death of the decedent has expired. The petition may request the court to determine testacy, if not previously determined, to consider the final account or compel or approve an accounting and distribution, to construe any will or determine heirs and adjudicate the final settlement and distribution of the estate. After notice to all interested persons and hearing the court may enter an order or orders, on appropriate conditions, determining the persons entitled to distribution of the estate, and, as circumstances require, approving settlement and directing or approving distribution of the estate and discharging the personal representative from further claim or demand of any interested person.

(2) In such petition for complete settlement of the estate, the petitioner may apply for a decree. Upon the hearing, if in the best interests of interested persons, the court may issue its decree which shall determine the persons entitled to the estate and assign the same to them in lieu of ordering the assignment by the personal representative. The decree shall name the heirs and distributees, state their relationship to the decedent, describe the property, and state the proportions or part thereof to which each is entitled. In the estate of a testate decedent, no heirs shall be named in the decree unless all heirs be ascertained.

(3) In solvent estates, the hearing may be waived by written consent to the proposed account and decree of distribution or order of distribution by all heirs or distributees, and the court may then enter its order allowing the account and issue its decree or order of distribution.

(4) The court shall have the power in its decree or order of distribution to waive the lien of inheritance estate taxes, find that the taxes have been satisfied by payment or, decree the property subject to the lien; provided, however, where a decree or order for distribution is issued, the personal representative shall not be discharged until all property is paid or transferred to the persons entitled thereto, and has otherwise fully discharged his trust. If

objections are filed with the court by the commissioner of revenue, no discharge shall be issued until the objections are determined. ~~The court shall send a copy of the decree, upon issuance, to the commissioner of revenue. If no objection is filed, the court shall have the power to settle and distribute the estate and discharge the personal representative without regard to tax obligations.~~

(b) If one or more heirs or devisees were omitted as parties in, or were not given notice of, a previous formal testacy proceeding, the court, on proper petition for an order of complete settlement of the estate under this section, and after notice to the omitted or unnotified persons and other interested parties determined to be interested on the assumption that the previous order concerning testacy is conclusive as to those given notice of the earlier proceeding, may determine testacy as it affects the omitted persons and confirm or alter the previous order of testacy as it affects all interested persons as appropriate in the light of the new proofs. In the absence of objection by an omitted or unnotified person, evidence received in the original testacy proceeding shall constitute prima facie proof of due execution of any will previously admitted to probate, or of the fact that the decedent left no valid will if the prior proceedings determined this fact.

Sec. 35. Minnesota Statutes 1978, Section 525.091, Subdivision 1, is amended to read:

525.091 [DESTRUCTION AND REPRODUCTION OF PROBATE RECORDS.] Subdivision 1. The clerk of court of any county upon order of the probate judge may destroy all the original documents in any proceeding of record in his office five years after the file in such proceeding has been closed provided the original or a Minnesota state archives commission approved photographic, photostatic, microphotographic, microfilmed, or similarly reproduced copy of the original of the following enumerated documents in the proceeding are on file in his office.

Enumerated original documents:

(a) In estates, the jurisdictional petition and proof of publication of the notice of hearing thereof; will and certificate of probate; letters; inventory and appraisal; ~~inheritance tax return or schedule of non-probate assets; inheritance tax return waiver or self assessed inheritance tax return;~~ orders directing and confirming sale, mortgage, lease, or for conveyance of real estate; order setting apart statutory selection; receipts for federal estate taxes and state ~~inheritance estate~~ taxes; orders of distribution and general protection; decrees of distribution; federal estate tax closing letter, consent to discharge by commissioner of revenue and order discharging representative; and any amendment of the listed documents.

When an estate is deemed closed as provided in clause (d) of this subdivision, the enumerated documents shall include all claims of creditors.

(b) In guardianships or conservatorships, the jurisdictional petition and order for hearing thereof with proof of service; letters; orders directing and confirming sale, mortgage, lease or for conveyance of real estate; order for restoration to capacity and order discharging guardian; and any amendment of the listed documents.

(c) In mental, inebriety, and indigent matters, the jurisdictional petition; report of examination; warrant of commitment; notice of discharge from institution, or notice of death and order for restoration to capacity; and any amendment of the listed documents.

(d) Except for the enumerated documents described in this subdivision, the clerk of probate court may destroy all other original documents in any proceeding without retaining any reproduction of the document. For the purpose of this subdivision, a proceeding in the probate court is deemed closed if no document has been filed in the proceeding for a period of 15 years, except in the cases of wills filed for safe-keeping and those containing wills of decedents not adjudicated upon.

Sec. 36. Minnesota Statutes 1978, Section 525.091, Subdivision 2, is amended to read:

Subd. 2. The clerk of probate court of any county upon order of the probate judge may destroy the original record books as enumerated in this subdivision provided a Minnesota state archives commission approved photographic, photostatic, microphotographic, microfilmed, or similarly reproduced copy of the original record book is on file in his office.

Enumerated original record books:

(a) All record books kept for recording in compliance with section 525.03, clauses (3), (4), (5) and (6).

(b) All record books kept for inheritance tax purposes in compliance with section 291.20, subdivisions 1 and 2, after the expiration of 15 years from the date of the last proceeding entered therein.

Sec. 37. Minnesota Statutes 1978, Section 525.312, is amended to read:

525.312 [DECREE OF DESCENT.] Upon the filing of such petition, the court shall fix the time and place for the hearing thereof, notice of which shall be given pursuant to section 524.1-401. Notice of the hearing, in the form prescribed by court rule, shall also be given under direction of the clerk of court by publication once a week for two consecutive weeks in a legal newspaper in the county where the hearing is to be held, the last publication of which is to be at least ten days before the time set for hearing. Upon proof of the petition and of the will if there be one, or upon proof of the petition and of an authenticated copy of a will duly proved and allowed outside of this state in accordance with the laws in force in the place where proved, if there be one, the court

shall allow the same and enter its decree of descent assigning the real or personal property, or any interest therein, to the persons entitled thereto pursuant to the will or such authenticated copy, if there be one, otherwise pursuant to the laws of intestate succession in force at the time of the decedent's death. The court may appoint two or more disinterested persons to appraise the property. ~~No decree of descent shall be entered until the inheritance tax, if any, has been determined and paid.~~

Sec. 38. Minnesota Statutes 1978, Section 525.71, is amended to read:

525.71 [APPEALABLE ORDERS.] Appeals to the district court may be taken from any of the following orders, judgments, and decrees issued by a judge of the court under chapters 524 or 525:

- (1) An order admitting, or refusing to admit, a will to probate;
- (2) An order appointing, or refusing to appoint, or removing, or refusing to remove, a representative other than a special administrator or special guardian;
- (3) An order authorizing, or refusing to authorize, the sale, mortgage, or lease of real estate, or confirming, or refusing to confirm, the sale or lease of real estate;
- (4) An order directing, or refusing to direct, a conveyance or lease of real estate under contract;
- (5) An order permitting, or refusing to permit, the filing of a claim, or allowing or disallowing a claim or counterclaim, in whole or in part, when the amount in controversy exceeds \$100;
- (6) An order setting apart, or refusing to set apart, property, or making, or refusing to make, an allowance for the spouse or children;
- (7) An order determining, or refusing to determine, venue; an order transferring, or refusing to transfer, venue;
- (8) An order directing, or refusing to direct, the payment of a bequest or distributive share when the amount in controversy exceeds \$100;
- (9) An order allowing, or refusing to allow, an account of a representative or any part thereof when the amount in controversy exceeds \$100;
- (10) An order adjudging a person in contempt;
- (11) An order vacating a previous appealable order, judgment, or decree; an order refusing to vacate a previous appealable order, judgment, or decree alleged to have been procured by fraud or misrepresentation, or through surprise or excusable inadvertence or neglect;
- (12) A judgment or decree of partial or final distribution or

an order determining or confirming distribution or any order of general protection;

(13) An order entered pursuant to section 576.142;

(14) An order granting or denying restoration to capacity;

(15) An order made directing, or refusing to direct, the payment of representative's fees or attorneys' fees, and in such case the representative and the attorney shall each be deemed an aggrieved party and entitled to take such appeal;

(16) An order, judgment, or decree relating to or affecting inheritance estate taxes or refusing to amend, modify, or vacate such an order, judgment, or decree; but nothing herein contained shall abridge the right of direct review by the supreme court;

(17) An order extending the time for the settlement of the estate beyond five years from the date of the appointment of the representative.

Sec. 39. Minnesota Statutes 1978, Section 525.74, is amended to read:

525.74 [DIRECT APPEAL TO SUPREME COURT.] A party aggrieved may appeal direct to the supreme court from an order determining or refusing to determine inheritance estate taxes upon a hearing on a prayer for reassessment and redetermination. Within 30 days after service of notice of the filing of such order, the appellant shall serve a notice of appeal upon all parties adversely interested or upon their attorneys and upon the probate judge. An appellant, other than the state, the veterans' administration, or a representative appealing on behalf of the estate, shall file in the probate court a bond in such amount as that court may direct, conditioned to prosecute the appeal with due diligence to a final determination, pay all costs and disbursements and abide the order of the court therein. The notice of appeal with proof of service and the bond, if required, shall be filed in the probate court within ten days after the service of such notice and the appellant shall pay to such court the sum of \$15, of which \$10 shall be transmitted to the clerk of the supreme court, as provided by law for appeals in civil actions.

Such appeal shall stay all proceedings on the order appealed from. When a party in good faith gives due notice of appeal from such order and omits through mistake to do any other act necessary to perfect the appeal, or to stay proceedings, the court may permit an amendment on such terms as may be just. Upon perfection of the appeal, the probate court shall transmit to the clerk of the supreme court the \$10 aforementioned together with a certified copy of the notice of appeal and bond, if required. The filing thereof shall vest in the supreme court jurisdiction of the cause, and records shall be transmitted to the supreme court, and records and briefs shall be printed, served, and filed, and such appeal shall be heard and disposed of as in the case of appeals in civil actions from the district court. If a settled case be necessary, the probate court may settle a case upon the appli-

cation of any party. The notice of the hearing upon such application and the case proposed to be settled shall be served on all other parties interested in the appeal at least eight days prior to the hearing.

Sec. 40. Minnesota Statutes 1978, Section 525.841, is amended to read:

525.841 [ESCHEAT RETURNED.] In all such cases the commissioner of finance shall be furnished with a certified copy of the court's order assigning the escheated property to the persons entitled thereto, and upon notification of payment of the inheritance estate tax, the commissioner of finance shall draw his warrant on the state treasurer, or execute a proper conveyance to the persons designated in such order. In the event any escheated property has been sold pursuant to sections 11.08 or 94.09 to 94.16, then the warrant shall be for the appraised value as established during the administration of the decedent's estate. There is hereby annually appropriated from any moneys in the state treasury not otherwise appropriated an amount sufficient to make payment to all such designated persons. No interest shall be allowed on any amount paid to such persons.

Sec. 41 [REPEALER.] *Minnesota Statutes 1978, Sections 3A.08; 291.02; 291.07, Subdivisions 2 and 2a; 291.09, Subdivisions 1, 2, 3 and 4; 291.10; 291.11, Subdivisions 2, 3, 4, 5, 6, 7, 8 and 9; 291.12, Subdivision 4; 291.19, Subdivision 5; 291.20, Subdivision 3; 291.21, Subdivision 2; 291.22; 291.23; 291.24; 291.25; 291.26; 291.29, Subdivisions 1, 2, 3 and 4; 291.30; 291.34; 291.35; 291.36; 291.37; 291.38; 291.39; 291.40; 292.01; 292.02; 292.03; 292.031; 292.04; 292.05; 292.06; 292.07; 292.08; 292.09; 292.105; 292.111; 292.112; 292.12; 292.125; 292.14; and 292.15 are repealed.*

Sec. 42. *There is appropriated for fiscal years 1980, 1981 and 1982 from the general fund to the commissioner of revenue the amounts necessary to make the refunds provided by section 5.*

Sec. 43. [EFFECTIVE DATE.] *The provisions of section 5 which relate to payments for military service while the decedent was missing in action shall be effective for estates of decedents declared dead after January 1, 1975. The provisions of section 26 shall be effective the day following final enactment and shall relate to returns filed pursuant to chapters 291 and 292 prior to and after the effective date of this article. The remainder of this article is effective for estates of decedents dying after December 31, 1979 and gifts made after December 31, 1979.*

ARTICLE IV: BUSINESS RELIEF

Section 1. Minnesota Statutes 1978, Section 290.06, Subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULE OF RATES FOR INDIVIDUALS, ESTATES AND TRUSTS.] (a) For taxable years beginning after December 31, 1977 1979, the income taxes imposed by this chapter upon individuals, estates and trusts, other than those taxable as

corporations, shall be computed by applying to their taxable net income in excess of the applicable credits allowed by section 290.21, the following schedule of rates:

- (1) On the first \$500, one and six-tenths percent;
- (2) On the second \$500, two and two-tenths percent;
- (3) On the next \$1,000, three and five-tenths percent;
- (4) On the next \$1,000, five and eight-tenths percent;
- (5) On the next \$1,000, seven and three-tenths percent;
- (6) On the next \$1,000, eight and eighth-tenths percent;
- (7) On the next \$2,000, ten and two-tenths percent;
- (8) On the next \$2,000, eleven and five-tenths percent;
- (9) On the next \$3,500, twelve and eight-tenths percent;
- (10) On all over \$12,500, and not over \$20,000, fourteen percent;
- (11) On all over \$20,000 and not over \$27,500, fifteen percent;
- (12) On all over \$27,500 and not over \$40,000, sixteen percent ;
- ~~(13) On all over \$40,000, seventeen percent .~~

(b) In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year, reduced by the applicable credits allowed by section 290.21, is less than \$20,000 shall 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.

Sec. 2. Minnesota Statutes 1978, Section 290.06, Subdivision 9, is amended to read:

Subd. 9. [POLLUTION CONTROL EQUIPMENT, CREDIT.] (a) A credit of five percent of the net cost of equipment *used primarily to abate or control pollutants to meet or exceed state laws, rules or standards to the extent the property is so used and which is included in section 290.09, subdivision 7, paragraph (A) (a) that is installed and operated within Minnesota exclusively to prevent pollution of air, water, or land in accordance with engineering principles approved by the Minnesota pollution control agency*, may be deducted from the tax due under this chapter in the first year for which a depreciation deduction is allowed for the equipment. The credit allowed by this subdivision shall not exceed so much of the liability for tax for the taxable year as does not exceed \$50,000 \$75,000. *The credit shall apply only if the equipment meets rules prescribed by the Minnesota pollution control agency and is in-*

stalled or operated in accordance with a permit or order issued by the agency.

(b) If the amount of the credit determined under (a) for any taxable year for which a depreciation deduction is allowed exceeds the limitation provided by (a) for such taxable year (hereinafter in this subdivision referred to as the "unused credit year"), such excess shall be,

~~(1) a credit carryback to each of the three taxable years preceding the unused credit year, and~~

~~(2) a credit carryover to each of the seven four taxable years following the unused credit year.~~

The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the ~~ten four~~ taxable years to which ~~(by reason of (1) and (2))~~ such credit may be carried and then to each of the other ~~nine three~~ taxable years; provided, however, the maximum credit allowable in any one taxable year under this subdivision (including the credit allowable under (a) and the ~~carryback or carryforward~~ allowable under this paragraph) shall in no event exceed ~~\$50,000~~ \$75,000.

(c) This subdivision shall apply to property acquired in taxable years beginning on or after January 1, ~~1969~~ 1977.

Sec. 3. Minnesota Statutes 1978, Section 290.06, Subdivision 9a, is amended to read:

Subd. 9a. [FEEDLOT POLLUTION CONTROL EQUIPMENT.] A credit of 10 percent of the net cost of pollution control and abatement equipment, including but not limited to, lagoons, concrete storage pits, slurry handling equipment, and other equipment and devices approved by the pollution control agency, purchased, installed and operated within the state by a feedlot operator to prevent pollution of air, land, or water in connection with the operation of a livestock feedlot, poultry lot or other animal lot, may be deducted from the tax due under this chapter in the taxable year in which such equipment is purchased; provided that no deduction shall be taken for any portion of the cost of the same equipment pursuant to subdivision 9. ~~The credit provided for in subdivision 9 shall terminate on December 31, 1976. The credit provided for in this subdivision shall terminate on December 31, 1980, except any amounts that are carried forward to a subsequent year may be taken as a credit in such subsequent years.~~

If the amount of the credit provided by this subdivision exceeds the taxpayer's liability for taxes pursuant to chapter 290 in the taxable year, beginning after December 31, 1972, in which the equipment is purchased, the excess amount may be carried forward to the four taxable years following the year of purchase. The entire amount of the credit not used in the year purchased shall be carried to the earliest of the four taxable years to which the credit may be carried and then to each of the three successive taxable years.

Sec. 4. Minnesota Statutes 1978, Chapter 298, is amended by adding a section to read:

[298.028] [POLLUTION CONTROL TAX CREDIT.] *Subdivision 1. A credit of five percent of the net cost of equipment used primarily to abate or control pollutants to meet or exceed state laws, rules or standards to the extent the property is so used may be deducted from the tax imposed by section 298.01 in the first year in which the equipment is installed.*

The credit allowed by this subdivision shall not exceed so much of the liability for tax for the taxable year as does not exceed \$75,000. The credit shall apply only if the equipment meets rules prescribed by the Minnesota pollution control agency and is installed or operated in accordance with a permit or order issued by the agency.

Subd. 2. If the amount of the credit determined under subdivision 1 for any taxable year exceeds the limitation provided in subdivision 1 for such taxable year, hereinafter referred to as the "unused credit year", such excess shall be a credit carryover to each of the four taxable years following the unused credit year.

The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the four taxable years to which such credit may be carried and then to each of the other three taxable years; provided, however, the maximum credit allowable in any one taxable year under this subdivision, including the credit allowable under subdivision 1 and the carryforward allowable under this paragraph, shall in no event exceed \$75,000.

Sec. 2. [EFFECTIVE DATE.] *Section 1 is effective for taxable years beginning after December 31, 1979. Sections 2 and 3 are effective the day following final enactment. Section 4 is effective for property acquired in a taxable year beginning after December 31, 1978.*

ARTICLE V: ENERGY CREDIT

Section 1. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 13. [RESIDENTIAL ENERGY CREDIT.] A credit of 20 percent of the first \$10,000 of renewable energy source expenditures, including the expenditures described in clauses (a), (b) and (d) if made by an individual taxpayer on a Minnesota building of six dwelling units or less and expenditures for biomass conversion equipment described in clause (c), may be deducted from the tax due under this chapter for the taxable year in which the expenditures were made. For purposes of this subdivision, the term "building" shall include a condominium or townhouse used by the taxpayer as a residence. In the case of qualifying expenditures incurred in connection with a building under construction by a contractor, the credit shall be deducted from the tax liability of the first individual to purchase the building for use as a principal residence or for residential rental purposes; the contractor shall not

be eligible for the credit given pursuant to this subdivision for that expenditure.

A "renewable energy source expenditure" which qualifies shall include:

(a) Expenditures which qualify for the federal renewable energy credit, pursuant to Section 44C of the Internal Revenue Code of 1954, as amended through December 31, 1978, and any regulations promulgated pursuant thereto;

(b) Expenditures for earth sheltered dwelling units. For purposes of this credit, an "earth sheltered dwelling unit" shall mean a structure which complies with applicable building standards and which is constructed so that:

(1) 80 percent or more of the wall area is covered with a minimum depth of 12 inches of earth; and

(2) 50 percent or more of the wall area is covered with a minimum depth of 12 inches of earth; and

(3) Those portions of the structure not insulated with a minimum of seven feet of earth shall have additional insulation;

(c) Expenditures for biomass conversion equipment which produces ethanol, methane or methanol for use as a liquid fuel which is not offered for sale; and

(d) Expenditures for passive solar energy systems. For purposes of this credit, a "passive solar energy system" is defined to include systems which utilize elements of the building and its operable components to heat or cool a building unit the sun's energy by means of conduction, convection, radiation, or evaporation. A passive system shall include:

(1) Collection aperture, including glazing installed in south facing walls and roofs; and

(2) Storage element, including thermal mass in the form of water, masonry, rock, concrete, or other mediums which is designed to store heat collected from solar radiation.

A passive system may include:

(1) Control and distribution element, including fans, louvers, and air ducts; and/or

(2) Retention element, including movable insulation used to minimize heat loss caused by nocturnal radiation through areas used for direct solar heat gain during daylight hours.

Eligible passive expenditures shall be for equipment, materials or devices that are an integral part of the components listed above and essential to the functioning of a passive design which qualifies pursuant to rules promulgated by the commissioner of revenue in cooperation with the director of the energy agency. Expenditures for equipment, materials, or devices which are a part of the normal heating, cooling, or insulation system of a building are not eligible for the credit.

If a credit was allowed to a taxpayer under this subdivision for any prior taxable year, the dollar amount of the maximum expenditure for which a taxpayer may qualify for a credit under this subdivision in subsequent years shall be \$10,000 reduced by the amount of expenditures which a credit was claimed pursuant to this subdivision in prior years.

The credit provided in this subdivision shall not be allowed in a taxable year if the amount of the credit would be less than \$10.

If the credit allowable under this subdivision exceeds the amount of tax due in a taxable year, the excess credit shall not be refunded but may be carried forward to the succeeding taxable year and added to the credit allowable for that year. No amount may be carried forward to a taxable year beginning after December 31, 1984.

A shareholder in a family farm corporation and each partner in a partnership operating a family farm shall be eligible for the credit provided by this subdivision in the same manner and to the same extent allowed a joint owner of property under clause (a). "Family farm corporation" and "family farm" have the meanings given in section 500.24.

The credit provided in this subdivision is subject to the provisions of section 44C, (c) (7), (d) (1) to (3), and (e), of the Internal Revenue Code of 1954, as amended through December 31, 1978, and any regulations promulgated pursuant thereto.

Sec. 2. [RULES.] *The commissioner of revenue in cooperation with the director of the energy agency shall promulgate rules establishing additional qualifications and definitions for the credits provided in clauses (a) to (d).*

Sec. 3. [EFFECTIVE DATE.] *This article is effective for expenditures made during taxable years beginning after December 31, 1978 and before January 1, 1983.*

ARTICLE VI: LOCAL AIDS

Section 1. Minnesota Statutes 1978, Section 477A.01, Subdivision 1, is amended to read:

477A.01 [LOCAL GOVERNMENT AID.] Subdivision 1. The state shall distribute ~~\$52~~ *make available for distribution \$64* for each person residing in the ~~territory comprising each county state~~ *territory state* for the calendar year ~~1978 1980~~ *1978 1980* and ~~\$50 \$70~~ *\$70* for calendar year ~~1979 1981~~ *1979 1981* to the several taxing authorities, except school districts, with authority to impose taxes on property located in the ~~county's territory state~~ *county's territory state*. For purposes of this subdivision the number of persons residing in a ~~county the state~~ *county the state* shall be the 1970 federal census population. For the purposes of subdivisions 1, 3, 4, 4a, and 4b, the ~~counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, excluding the city of New Prague, and Washington shall be considered a single county. That portion of the city of New Prague which is in Scott county shall be treated as if it is in LeSueur county.~~ *counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, excluding the city of New Prague, and Washington shall be considered a single county. That portion of the city of New Prague which is in Scott county shall be treated as if it is in LeSueur county.*

Sec. 2. Minnesota Statutes 1978, Section 477A.01, Subdivision 2, is amended to read:

Subd. 2. Every county government except that of a county containing a city of the first class shall receive a distribution equal to the distribution it was entitled to receive in the preceding year pursuant to Minnesota Statutes 1974, Section 477A.01 plus an additional aid payment as follows: for 1980, the sum of \$1 for each person residing in the county according to the 1970 federal census and, for 1981, the sum of \$2 for each person residing in the county according to the 1970 federal census. The amount necessary to make the payments to the counties in excess of the amount of their 1979 local government aid payments shall be appropriated in addition to the amount required to be appropriated pursuant to subdivision 1.

Sec. 3. Minnesota Statutes 1978, Section 477A.01, Subdivision 4, is amended to read:

Subd. 4. (a) The balance of the distributions in ~~1978~~ 1980 pursuant to subdivision 1, shall be divided among the several cities and towns in the county's territory in the proportion that the product of

the city or town's 1970 federal census population or the average of the city's or town's 1970 federal census population and its current population as determined under the provisions of section 275.53, whichever is greater, times

(a) In the case of a city or town outside the metropolitan area as defined in section 473.121, subdivision 2, or a city other than a city of the first class or town inside the metropolitan area, the sum of its average city or town mill rate for the three immediately preceding years divided by three; or

(b) In the case of a first class city located within the metropolitan area, the sum of (i) 60 percent of the dollar amount of its levy limitation and its special levies plus (ii) 40 percent of the dollar amount of its actual levy, divided by its taxable value adjusted for the contributions and distribution required by chapter 473F, for each of the three immediately preceding years divided by three, times

its city or town 1976 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory, state as provided herein:

(1) Funds shall be distributed to all cities and towns which are not subject to the levy limitation imposed pursuant to sections 275.50 to 275.56, with the distribution to be based on the average equalized mill rate of each city or town. For purposes of this clause, "average equalized mill rate" shall be defined as the sum of the 1979 mill rate of the city or town plus its 1978 mill rate plus its 1977 mill rate, multiplied by its 1978 aggregate sales ratio as determined by the commissioner of revenue, divided by three.

If the average equalized mill rate of the city or town is 10 or less, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus, in the case of a city, the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus the sum of \$3 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the city or town will receive a distribution equal to that which it received pursuant to Minnesota Statutes 1978, Section 477A.01, for 1979, plus the sum of \$5 multiplied by its population as determined under section 275.53.

(2) Funds shall be distributed to the city of Minneapolis in an amount equal to the amount distributed to that city for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01.

(3) The funds remaining after distribution has been made pursuant to paragraphs (1) and (2) shall be distributed according to the provisions of this paragraph among the cities and towns, other than the city of Minneapolis, which are subject to the levy limitations imposed pursuant to sections 275.50 to 275.56.

(i) For purposes of the 1980 distribution, the "local revenue base" of a city or town shall be the sum of its levy limitation for taxes levied in 1978 plus the amount of the distribution it received for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, except that the "local revenue base" of a city of the first class located within the metropolitan area defined in section 473.121, subdivision 2 shall be the sum of its levy limitation for taxes levied in 1978, multiplied by .85, plus the amount of the distribution it received for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01.

(ii) A preliminary state aid factor shall be established for each city and town by subtracting from the local revenue base, an amount equal to ten mills multiplied by the 1979 taxable valuation of the city or town, adjusted for the contributions and distributions required by chapter 473F in the case of a city or town located within the metropolitan area and less the captured value in any tax increment district, divided by its 1978 aggregate sales ratio as determined by the commissioner of revenue.

(iii) A final state aid factor shall be established for each city and town by adjusting the preliminary state aid factor to comply with the following restrictions:

The final state aid factor for a city or town shall be an amount which is equal to or greater than an amount computed pursuant to the following:

If the average equalized mill rate of the city or town is 10 or less, the final state aid factor of the city or town shall be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the final state aid factor of the city or town will be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, plus the sum of \$3 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the final state aid factor of the city or town will be at least equal to the amount which the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01, for 1979, plus the sum of \$5 multiplied by its population as determined under section 275.53.

The final state aid factor for any city or town shall not exceed the previous year's distribution under Minnesota Statutes 1978, Section 477A.01 by more than the following percent: if a city received more than \$100 per capita in 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1978, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(iv) The amount of the distribution for which a city or a town is eligible under this paragraph shall be determined as follows: For each city or town, its final state aid factor increase shall be the difference between its final state aid factor determined pursuant to this paragraph and the amount of distribution which it received for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01. The final state aid factor increase of each city or town shall be divided by the sum of the final state aid factor increases for all cities and towns receiving distributions under this paragraph; that quotient shall be multiplied by the amount of the increase in funds available for distribution under this paragraph over the sum of the amounts distributed to those cities and towns for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01. That product, plus the distribution the city or town received pursuant to Minnesota Statutes 1978, Section 477A.01 for 1979, shall equal the distribution to be distributed to the city or town for 1980.

(v) The final distribution made to each city or town pursuant to this paragraph shall be in an amount which is at least equal to the distribution received by that city or town for 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, but which does not exceed the amount of the city's or town's 1979 distribution by more than the following percent: if a city received more than

\$100 per capita in 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1978, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(vi) If the amount distributed to a city or town by paragraph (iv) is limited by paragraph (v) the distribution to other cities and towns that receive aid under paragraph (3) shall be proportionately increased as necessary to absorb the difference. In no event shall a city's or town's distribution exceed the city's or town's 1979 distribution by more than the following percent: if a city received more than \$100 per capita in 1979 pursuant to Minnesota Statutes 1978, Section 477A.01, using the population determined pursuant to Minnesota Statutes 1978, Section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(b) The balance of the distributions in 1979 1981 pursuant to subdivision 1 shall be divided among the several cities and towns in the county's territory in the proportion that the product of

the city or town's 1970 federal census population or the average of the city's or town's 1970 federal census population and its current population as determined under the provisions of section 275.52, whichever is greater; times

(a) In the case of a city or town outside the metropolitan area as defined in section 473.121, subdivision 2, or a city other than a city of the first class or town inside the metropolitan area, the sum of its average city or town mill rate for the three immediately preceding years divided by three; or

(b) In the case of a first class city located within the metropolitan area, the sum of (i) 60 percent of the dollar amount of its levy limitation and its special levies plus (ii) 40 percent of the dollar amount of its actual levy, divided by its taxable value adjusted for the contributions and distribution required by chapter 473F, for each of the three immediately preceding years divided by three, times

its city or town 1977 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory, state as provided herein:

(1) Funds shall be distributed to all cities and towns which are not subject to the levy limitations imposed pursuant to sections 275.50 to 275.56, with the distributions to be based on the average equalized mill rate of each city or town. For purposes of this clause,

“average equalized mill rate” shall be defined as the sum of the 1980 mill rate of the city or town plus its 1979 mill rate plus its 1978 mill rate, multiplied by its 1979 aggregate sales ratio as determined by the commissioner of revenue, divided by three.

If the average equalized mill rate of the city or town is 10 or less, the city or town will receive a distribution equal to that which it received pursuant to clause (a) for 1980, plus, in the case of a city, the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the city or town will receive a distribution equal to that which it received pursuant to clause (a) for 1980, plus the sum of \$4 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the city or town will receive a distribution equal to that which it received pursuant to clause (a), for 1980, plus the sum of \$6 multiplied by its population as determined under section 275.53.

(2) The funds remaining after distribution has been made pursuant to paragraph (1) shall be distributed according to the provisions of this paragraph among the cities and towns which are subject to the levy limitations imposed pursuant to sections 275.50 to 275.56.

(i) For purposes of the 1981 distribution, the “local revenue base” of a city or town shall be its local revenue base computed according to clause (a) paragraph (3) for purposes of the 1980 distribution, provided that, in the case of a city which received its 1980 aid distribution pursuant to clause (a), paragraph (2), a local revenue base shall be computed for it according to the provisions of clause (a), paragraph (3); these revenue bases shall be increased as follows:

The 1980 local revenue base will be multiplied by the percentage of increase from June, 1979, to June, 1980 in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor with 1967 as a base year. The product of that computation will be added to the 1980 local revenue base. The inflation-adjusted base shall also be increased by the percentage increase in the population of the city or town during the preceding year as determined according to section 275.53. After adjustment for population increase the inflation-adjusted local revenue base of each city and town shall also be increased by (1) the amount of its special levies levied in 1979 to pay the costs of principal and interest on bonded indebtedness incurred in 1979 or thereafter for the purpose of providing capital replacement for streets, curbs, gutters, storm sewers and bridges plus (2) any adjustments made to the levy limit base of the city or town pursuant to Article II, section 24 for purposes of refuse collection and street maintenance; and (3)

any adjustments made to the levy limit base of the city or town pursuant to section 275.52, subdivision 4, clause (d).

(ii) A preliminary state aid factor shall be established for each city and town by subtracting from the local revenue base, ten mills multiplied by the 1980 taxable valuation of the city or town adjusted for the contributions and distributions required by chapter 473F if applicable and less the captured value in any tax increment financing district divided by its 1979 sales ratio as determined by the commissioner of revenue.

(iii) A final state aid factor shall be established for each city and town by adjusting the preliminary state aid factor to comply with the following restrictions:

The final state aid factor for a city or town shall be an amount which is equal to or greater than an amount computed pursuant to the following:

If the average equalized mill rate of the city or town is 10 or less, the final state aid factor of the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980, plus the sum of \$1 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 10 but less than or equal to 20, the final state aid factor for the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980, plus the sum of \$4 multiplied by its population as determined under section 275.53.

If the average equalized mill rate of the city or town is greater than 20, the final state aid factor for the city or town shall be at least equal to the amount which the city or town received pursuant to clause (a) for 1980, plus the sum of \$6 multiplied by its population as determined under section 275.53.

The final state aid factor for any city or town shall not exceed the previous year's distribution under section 477A.01 by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) of this subdivision using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

(iv) The amount of the distribution for which a city or town is eligible under this paragraph shall be determined as follows: For each city or town, its final state aid factor increase shall be the difference between its final state aid factor determined pursuant to this paragraph and the amount of distribution which it received pursuant to clause (a). The final state aid factor increase of each city or town shall be divided by the sum of the final state aid factor increases for all cities and towns receiving distributions under this paragraph; that quotient shall be multiplied by the

amount of the increase in funds available for distribution under this paragraph over the amount distributed under clause (a), paragraphs (2) and (3). That product, plus the distribution the city or town received pursuant to clause (a), shall equal the distribution to be distributed to the city or town for 1981.

(v) The final distribution made to each city or town pursuant to this paragraph shall be in an amount which is at least equal to the distribution received by that city or town for 1980 pursuant to clause (a), but which does not exceed the amount of the city's or town's 1980 distribution by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) of this subdivision using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent:

(vi) If the amounts distributed to a city or town by paragraph (iv) is limited by paragraph (v) the distribution to other cities and towns who receive aid under paragraph (2) shall be proportionately increased as necessary to absorb the difference. In no event shall a city's or town's distribution exceed the city's or town's 1980 distribution by more than the following percent: if a city received more than \$100 per capita in 1980 pursuant to clause (a) of this subdivision using the population determined pursuant to section 275.53, 12 percent; if more than \$75 per capita but less than or equal to \$100 per capita, 15 percent; if more than \$50 per capita but less than or equal to \$75 per capita, 17 percent; or if less than or equal to \$50 per capita, 20 percent.

Sec. 4. Minnesota Statutes 1978, Section 477A.03, is amended to read:

477A.03 [APPROPRIATION.] A sum sufficient to discharge the duties imposed by section 477A.01, subdivisions 1, 2 and 4e is annually appropriated from the general fund to the commissioner of revenue.

Sec. 5. Minnesota Statutes 1978, Section 353.01, Subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

(a) Elected or appointed officers and employees of elected officers.

(b) District court reporters.

(c) Officers and employees of the public employees retirement association.

(d) Employees of the League of Minnesota Cities.

(e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.

(f) Employees of a school district who receive separate salaries for driving their own buses.

(g) Employees of the Association of Minnesota Counties.

(h) Employees of the Metropolitan Inter-County Council.

(i) Employees of the Minnesota Municipal Utilities Association.

(j) *Elected or appointed officers and employees of the city of Minneapolis, or any of the boards, departments or commissions operated as a department of the city of Minneapolis or independently if financed in whole or in part by funds of the city of Minneapolis, if the officer's assumption of the position or the employee's employment initially commences on or after the effective date of this section.*

(k) *Employees of the metropolitan airports commission if employment initially commences on or after the effective date of this section.*

(l) *Employees of the Minneapolis municipal employees retirement fund, if employment initially commences on or after the effective date of this section.*

(m) *Employees of special school district number 1 who are not members of the Minneapolis teachers retirement fund association if employment initially commences on or after the effective date of this section.*

Sec. 6. Minnesota Statutes 1978, Chapter 353, is amended by adding a section to read:

[353.023] [TRANSFER OF PENSION COVERAGE OF MINNEAPOLIS MUNICIPAL EMPLOYEES RETIREMENT FUND COORDINATED PROGRAM.] *Notwithstanding any provisions of law to the contrary, as of the effective date of this section, all active members of the coordinated program of the Minneapolis municipal employees retirement fund established pursuant to Minnesota Statutes 1978, Sections 422A.30 to 422A.39, shall cease to be members of the program of that fund and shall cease to have any accrual of service credit, rights, or benefits under the benefit plan of that program. From and after the effective date of this section, all active members of the coordinated program will have their retirement coverage transferred to the coordinated program of the public employees retirement association. The accrued liability for retirement coverage of these members to date shall be transferred to the coordinated program of the public employees retirement association and shall no longer be the liability of the Minneapolis municipal employees retirement fund. Within 30 days of the effective date of this section, the board of trustees of the Minneapolis municipal employees retirement fund shall transfer the entire assets attributable to the coordinated program of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association. The assets transferred shall be an amount equal in value to the amount of*

employee contributions made by coordinated program members since July 1, 1978, the amount of employer matching contributions made by an employing unit on behalf of a coordinated program member since July 1, 1978, an amount equal to the employer additional contribution for the members of the coordinated program, and an amount equal to the investment income earned by the fund on the invested assets of the program since July 1, 1978. The assets transferred to the public employees retirement fund shall only include securities which are proper investments pursuant to section 11.16. Within 30 days of the effective date of this section, the board of trustees and the actuary of the Minneapolis municipal employees retirement fund shall transfer to the public employees retirement association original copies of all records and documents which are in their possession relating to the coordinated program of the Minneapolis municipal employees retirement fund and any of its members and shall provide from time to time whatever additional relevant information which the board of trustees of the public employees retirement association may request. Upon the transfer of the assets, liabilities and records of the coordinated program of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association, the coordinated program of the Minneapolis municipal employees retirement fund shall terminate and shall cease to exist.

Sec. 7. Minnesota Statutes 1978, Chapter 355, is amended by adding a section to read:

[355.311] [SECOND SOCIAL SECURITY REFERENDUM.] *Subdivision 1. [ELECTION OF SOCIAL SECURITY COVERAGE.] Any member of the basic program of the Minneapolis municipal employees retirement fund shall be entitled to elect social security coverage retroactive to July 1, 1978 in a second social security referendum. Any member who so elects shall become a member of the coordinated program of the public employees retirement association and sufficient assets shall be transferred by the board of trustees of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association pursuant to section 6.*

Subd. 2. [PAYMENT OF RETROACTIVE SOCIAL SECURITY EMPLOYEE AND EMPLOYER TAXES.] Effective retroactively with respect to any employment after the date of retroactive coverage by municipal employees who are employed on the date of the agreement or modification of the agreement with the secretary of health, education and welfare, the executive secretary of the Minneapolis municipal employees retirement fund shall cause to be paid out of the fund an amount for each municipal employee retroactively included equal to the employee and employer taxes which would have been imposed by the federal insurance contribution act if the service by the employee constituted employment within the meaning of that act. This payment shall be computed from the date of retroactive coverage to the date that deductions are first taken from the wages of each municipal employee pursuant to section 355.309. Amounts paid to meet the required employee contribution shall first be deducted from the

accumulated deductions of the municipal employee and then from the remaining assets of the fund.

Subd. 3. [APPROPRIATION.] The amounts required by this section are hereby appropriated from the Minneapolis municipal employees retirement fund and the executive secretary of the fund is authorized to make any necessary disbursements and transfers. The amounts so required shall be paid to the contribution fund provided for in the enabling act.

Subd. 4. [BALANCES DUE AFTER PAYMENT OF RETROACTIVE SOCIAL SECURITY EMPLOYEE AND EMPLOYER TAXES.] Any municipal employee who elects social security coverage from and after January 1, 1979 and thereby transfers from the basic program of the Minneapolis municipal employees fund to the coordinated program of the Minneapolis municipal employees fund and from whose account retroactive social security employee taxes are paid by the board of the Minneapolis municipal employees fund shall be required to reimburse the fund in an amount equal to the difference between employee contributions at the rate of eight percent of his total salary for the period of retroactive social security coverage and the aggregate of four percent of his total salary for the period of retroactive social security coverage plus the rate of retroactive social security employee taxes paid on the salary of the municipal employee restricted to the earnings limitations imposed by the federal insurance contribution act covering service as a municipal employee rendered from and after July 1, 1978. In the event that a municipal employee does not reimburse the Minneapolis municipal employees retirement fund within 30 days following notification by the executive secretary of the amount of reimbursement which is due, interest at the rate of six percent per annum compounded annually from the date the amount was first payable following notification until the date payment is made shall accrue. The city or the public corporation which employs a municipal employee electing social security coverage from and after January 1, 1979 for service on which retroactive social security employer taxes are paid from the Minneapolis municipal employees retirement fund shall reimburse the fund in an amount equal to the reimbursement amount payable by the municipal employee. The employer reimbursement may be paid from the proceeds of a tax levy made for this purpose or from any other funds available to the employer.

Sec. 8. Minnesota Statutes 1978, Section 422A.10, Subdivision 1, is amended to read:

422A.10 [SALARY DEDUCTIONS.] Subdivision 1. There shall be deducted and withheld from the basic salary, pay or compensation of each employee in the contributing class, prior to January 1, 1980 an amount equal to 7¼ percent, after December 31, 1979 but prior to January 1, 1981 an amount equal to 8¼ percent and after December 31, 1980 an amount equal to 9¼ percent of such salary, pay or compensation, except as hereinafter provided. The retirement board may increase the percentage rate of contribution to the retirement fund of any employee or employees for the pur-

pose of establishing and maintaining on an actuarial basis a plan of insurance, survivors' benefits, or other type of benefit or benefits, the cost of which shall be paid out of such extra percentage so authorized and deducted from the employee's compensation, except as hereinafter provided. Any plan or plans so established and placed in operation may be amended from time to time, or may be abandoned, but if abandoned, any surplus remaining from the operation of a plan shall be the property of the fund, and shall be credited to the reserve for loss in investment account.

Sec. 9. Minnesota Statutes 1978, Chapter 422A, is amended by adding a section to read:

[422A.101] [EMPLOYER CONTRIBUTIONS.] *Subdivision 1. [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 basic program of the retirement fund which equals the difference between the level normal cost plus administrative cost 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 number 1 pursuant to section 422A.081;*

(b) *an additional employer contribution of an amount equal to the percent, provided in section 353.27, subdivision 3a, clause (a), multiplied by the salaries and wages of all employees covered by the basic program of the retirement fund less any amounts contributed toward amortization of the unfunded accrued liability by the year 2017 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 number 1 pursuant to section 422A.081; and*

(c) *a proportional share of an additional employer amortization contribution of an amount equal to \$3,900,000 annually until the year 2017 based upon the share of the Minneapolis municipal employees retirement fund's unfunded liability attributed to the city.*

Subd. 2. 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 or by special school district number 1, 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 basic program of the retirement fund which equals the difference between the level normal cost plus administrative cost and the employee contributions provided for in section 422A.10;

(b) an additional employer contribution of an amount equal to the percent, provided in section 353.27, subdivision 3c, clause (a), multiplied by the salaries and wages of all employees covered by the basic program of the retirement fund;

(c) a proportional share of an additional employer amortization contribution of an amount equal to \$3,900,000 annually until the year 2017 based upon the share of the Minneapolis municipal employees retirement fund's unfunded liability attributed to the employer.

Subd. 3. [STATE CONTRIBUTIONS.] There is appropriated from the general fund of the state to the Minneapolis municipal employees retirement fund annually an amount equal to the financial requirements of the basic program of the Minneapolis municipal employees retirement fund reported by the actuary in the actuarial valuation of the fund prepared pursuant to section 356.215 for the most recent year but based on a target date for full amortization of the unfunded liabilities by the year 2017 less the amount of employee contributions made pursuant to section 422A.10, and the amount of employer contributions made pursuant to subdivision 1, clauses (a), (b) and (c), and subdivision 2, clauses (a), (b) and (c). Payments made pursuant to this subdivision shall be made at the same time and in the same manner as for payments made pursuant to section 477A.01, subdivision 4b.

Sec. 10. Minnesota Statutes 1978, Chapter 422A, is amended by adding a section to read:

[422A.26] [COVERAGE BY THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION.] *Notwithstanding section 422A.09, or any other law to the contrary, any person whose employment by, or assumption of a position as an appointed or elected officer of, the city of Minneapolis, any of the boards, departments, or commissions operated as a department of the city of Minneapolis or independently if financed in whole or in part by funds of the city of Minneapolis, the metropolitan airports commission, the Minneapolis municipal employees retirement fund, or special school district number 1 if the person is not a member of the Minneapolis teachers retirement fund association by virtue of that employment or position, initially commences on or after the effective date of this section shall be a member of the public employees retirement association unless excluded from membership pursuant to section*

353.01, subdivision 2b. In no event shall there be any new members of the contributing class of the Minneapolis municipal employees: fund in either the basic program or the coordinated program on or after the effective date of this section.

Sec. 11. [REPEALER.] *Minnesota Statutes 1978, Section 477A.01, Subdivisions 3 and 4a are repealed.*

ARTICLE VII: RAILROADS

Section 1. *Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:*

[270.801] [DEFINITIONS.] *Subdivision 1. The following words and phrases when used in sections 1 to 13, unless the context clearly indicates otherwise, shall have the meanings ascribed to them in this section.*

Subd. 2. "Railroad company" means any company which as a common carrier operates a railroad or a line or lines of railway situated within or partly within Minnesota.

Subd. 3. "Operating property" means all property owned or used by a railroad company in the performance of railroad transportation services, including without limitation franchises, rights-of-way, bridges, trestles, shops, docks, wharves, buildings and structures.

Subd. 4. "Nonoperating property" means and includes all property other than property defined in subdivision 3. Nonoperating property shall include real property which is leased or rented or available for lease or rent to any person which is not a railroad company. Vacant land shall be presumed to be available for lease or rent if it has not been used as operating property for a period of one year preceding the valuation date. Nonoperating property also includes land which is not necessary and integral to the performance of railroad transportation services and which is not used on a regular and continual basis in the performance of these services.

Subd. 5. "Commissioner" means the commissioner of revenue.

Sec. 2. *Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:*

[270.81] [TAXATION AND ASSESSMENT OF RAILROAD COMPANY PROPERTY.] *Subdivision 1. The operating property of every railroad company doing business in Minnesota shall be valued by the commissioner in the manner prescribed by sections 1 to 13.*

Subd. 2. The nonoperating property of every railroad company doing business in Minnesota shall be assessed as otherwise provided by law.

Subd. 3. The commissioner shall have exclusive primary jurisdiction to determine what is operating property and what is nonoperating property. In making such determination, the commissioner

shall solicit information and opinions from outside his department and afford all interested persons an opportunity to submit data or views on the subject in writing or orally. Local assessors may submit written requests to the commissioner, asking that he determine the nature of specific property owned by a railroad and located within their assessing jurisdiction. Any determination made by the commissioner may be appealed by the assessor to the tax court pursuant to Minnesota Statutes, Chapter 271.

Subd. 4. In no event shall property owned or used by a railroad, whether operating property or nonoperating property, be subject to tax hereunder unless such property is of a character which would otherwise be subject to tax under the provisions of Minnesota Statutes, Chapter 272.

Subd. 5. Prior to the promulgation of permanent rules the commissioner may exercise temporary rule-making authority as provided in section 15.0412, subdivision 5, to implement the provisions of this act. The commissioner shall solicit information and opinions from outside his department as provided in section 15.0412, subdivision 6, before adopting these rules. Notwithstanding the provisions of section 15.0412, subdivision 5, rules adopted pursuant to this section shall be effective until permanent rules are adopted pursuant to chapter 15 or until May 1, 1980, whichever occurs first.

Sec. 3. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.82] [REPORTS OF RAILROAD COMPANIES.] *Subdivision 1. Every railroad company doing business in Minnesota shall annually file with the commissioner on or before April 30 a report under oath setting forth the information prescribed by the commissioner to enable him to make the valuation and equalization required by sections 1 to 13.*

Subd. 2. The commissioner for good cause may extend the time for filing the report required by subdivision 1.

Sec. 4. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.83] [EXAMINATIONS AND INVESTIGATIONS.] *Subdivision 1. The commissioner shall have the power to examine or cause to be examined any books, papers, records, or memoranda relevant to the determination of the valuation of operating property as herein provided. The commissioner shall have the further power to require the attendance of any person having knowledge or information in the premises, to compel the production of books, papers, records, or memoranda by persons so required to attend, to take testimony on matters material to such determination and administer oaths or affirmations.*

Subd. 2. For the purpose of making such examinations, the commissioner may appoint such persons as he may deem necessary. Such persons shall have the rights and powers of the examining of books, papers, records or memoranda, and of subpoenaing wit-

nesses, administering oaths and affirmations, and taking of testimony, which are conferred upon the commissioner hereby. The clerk of any court of record, upon demand of any such person, shall issue a subpoena for the attendance of any witness or the production of any books, papers, records, or memoranda before such person. The commissioner may also issue subpoenas for the appearance of witnesses before him or before such persons. Disobedience of subpoenas so issued shall be punished by the district court of the district in which the subpoena is issued for a contempt of the district court.

Subd. 3. If any railroad company shall refuse or neglect to make the report required by this section to the commissioner, or shall refuse or neglect to permit an inspection and examination of its property, records, books, accounts or other papers when requested by the commissioner, or shall refuse or neglect to appear before the commissioner or a person appointed under subdivision 2 when required so to do, the commissioner shall make the valuation provided for by sections 1 to 13 against the railroad company according to his best judgment on available information.

Sec. 5. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.84] [ANNUAL VALUATION OF OPERATING PROPERTY.] Subdivision 1. The commissioner shall annually between April 30 and July 31 make a determination of the fair market value of the operating property of every railroad company doing business in this state as of January 2 of the year in which the valuation is made. In determining the fair market value of the portion of operating property within this state, the commissioner shall value the operating property as a unit, taking into consideration the value of the operating property of the entire system, and shall allocate to this state that part thereof which is a fair and reasonable proportion of said entire system valuation. If the commissioner uses original cost as a factor in determining the unit value of operating property, no depreciation or obsolescence allowance shall be permitted. However, if the commissioner uses replacement cost as a factor in determining the unit value of operating property, then a reasonable depreciation and obsolescence allowance may be used.

The commissioner shall give a report to the legislature in February 1980 and in February 1981 on the formula which he has used to determine the unit value of railroad operating property pursuant to this act. This report shall also contain the valuation for payable 1980 and 1981 by company and the taxes payable in 1980 and 1981 by company based upon the valuation of operating property. The legislature may review the formula, the valuation, and the resulting taxes and may make changes in the formula that it deems necessary.

Subd. 2. After the commissioner has determined the fair market value of the operating property of each railroad company, he shall give notice by first class mail to the railroad company of the valuation.

Sec. 6. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.85] [REVIEW OF VALUATION.] *A railroad company may within 15 days of receipt of the notice of valuation file a written request for a conference with the commissioner relating to the value of its operating property. The commissioner shall thereupon designate a time and place for the conference which he shall conduct, upon commissioner's entire files and records and such further information as may be offered. Said conference shall be held no later than 30 days after mailing of the commissioner's valuation notice. At a reasonable time after such conference the commissioner shall make a final determination of the fair market value of the operating property of the railroad company and shall notify the company promptly thereof.*

Sec. 7. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.86] [APPORTIONMENT OF VALUATION.] *Upon determination by the commissioner of the fair market value of the operating property of each railroad company, he shall apportion such value to the respective counties and to the taxing districts therein in conformity with fair and reasonable rules and standards to be established by the commissioner pursuant to notice and hearing, except as provided in section 2. In establishing such rules and standards the commissioner may consider (a) the physical situs of all station houses, depots, docks, wharves, and other buildings and structures with an original cost in excess of \$10,000; (b) the proportion that the length and type of all the tracks used by the railroad in such county and taxing district bears to the length and type of all the track used in the state; and (c) other facts as will result in a fair and equitable apportionment of value.*

Sec. 8. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.87] [CERTIFICATION TO COUNTY ASSESSORS.] *When the commissioner has made his annual determination of the fair market value of the operating property of each company in each of the respective counties, and in the taxing districts therein, he shall certify the fair market value to the county assessor, which shall constitute the fair market value of the operating property of the railroad company in such county and the taxing districts therein upon which taxes shall be levied and collected in the same manner as on the commercial and industrial property of such county and the taxing districts therein.*

Sec. 9. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.88] [PROCEEDINGS AND APPEALS.] *The commissioner's final determination under section 6 and his certification to county assessors under section 8 shall be final orders appealable to the tax court in accordance with chapter 271. Appeals by railroad companies under this act shall be taken against the commissioner and not against the county or taxing district to which payment is*

made. Upon the filing of any appeal by a railroad company, the commissioner shall give notice thereof by first class mail to each county which would be affected by the appeal.

Sec. 10. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.89] [APPLICABILITY OF OTHER PROVISIONS.] *Section 297A.25, subdivision 1, clause (1) shall remain applicable to railroad companies subject to this act.*

Sec. 11. Minnesota Statutes 1978, Chapter 270, is amended by adding a section to read:

[270.90] [PAYMENT OF TAXES IN 1980 AND 1981 ONLY.] *For the years 1979 and 1980 only, after the commissioner has determined the market value of the operating property of each company under the provisions of sections 5 and 6, he shall compute the assessed value of the operating property by applying the classification percentage contained in section 273.13, subdivision 9. By March 1, 1980 and 1981, the commissioner shall compute the tax due from each company by applying the average statewide mill rate. The statement of taxes shall be sent to each company on or before April 1, 1980 and 1981, and shall indicate the assessed value of operating property, the mill rate applied in determining the taxes and the total amount of taxes due and payable. That amount shall be compared to the amount of gross earnings tax imposed under section 13 of this act. If the amount paid pursuant to section 13 is less than the amount computed in this section, the additional tax shall be payable to the commissioner and shall be deposited by him in the general fund of the state treasury. The provisions of section 279.01 pertaining to due dates and penalties for late payment of taxes for nonhomestead property shall be applicable to the taxes payable under this section. If the amount paid pursuant to section 13 exceeds the amount computed in this section, the commissioner shall refund the amount of excess within 60 days. The amounts necessary to make the refunds provided in this section are appropriated to the commissioner from the general fund in the state treasury.*

Sec. 12. Minnesota Statutes 1978, Section 272.02, Subdivision 1, is amended to read:

272.02 [EXEMPT PROPERTY.] Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;

(6) Institutions of purely public charity;

(7) All public property exclusively used for any public purpose;

(8) All natural cheese held in storage for aging by the original Minnesota manufacturer;

(9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the revenue commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county or city of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county or city thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) The taxpayer shall be exempted with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1 (c), except personal property which is part of an electric generating, transmission, or distribution sys-

tem or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures. *Railroad docks and wharves which are part of the operating property of a railroad company as defined in section 1 are not exempt.*

(12) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(13) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(14) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(15) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

Sec. 13. Minnesota Statutes 1978, Section 295.02, is amended to read:

295.02 [ANNUAL RETURN.] Every railroad company owning or operating any line of railroad situated within, or partly within, this state shall, annually, pay to the commissioner of revenue, in lieu of all taxes upon all property within this state owned or operated for railway purposes by such company, including equipment, appurtenances, appendages and franchises thereof, a sum of money equal to *five two* percent of the gross earnings derived from the operation of such line of railway within this state.

On or before September first, annually, each such railroad company shall file a true and just return of all such gross earnings for the six months ending June thirtieth, next preceding, and the tax of *five two* percent thereon shall become due and payable to the state of Minnesota, in manner provided by law, on September first.

On or before March first, annually, each such railroad company

shall file a true and just return of all such gross earnings for the six months ending December thirty-first, next preceding, and tax of five *two* percent thereon shall become due and payable to the state of Minnesota, in manner provided by law, on March first. The payments of such sums at the times hereinbefore set forth shall be in full and in lieu of all other taxes upon the property and franchises so taxed.

Such returns shall be filed with the commissioner, in such form as he shall prescribe, and the provisions of chapter 294 and acts amendatory thereto, shall be applicable to such railroad companies and to the returns and the taxes submitted therewith by them.

The lands acquired by public grant shall be and remain exempt from taxation until sold or contracted to be sold or conveyed, as provided in the respective acts whereby such grants were made or recognized.

Sec. 14. Minnesota Statutes 1978, Section 475.53, Subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] Except as otherwise provided by law, no school district shall be subject to a net debt in excess of ten percent of the actual market value of all taxable property and of exempt property referred to in section 275.49, situated within its corporate limits, as computed in accordance with this subdivision. The county auditor of each county containing taxable real or personal property situated within any school district shall certify to the district upon request the market value of all such property. The county auditor of each county containing exempt property referred to in section 275.49, situated within any school district, shall certify to the district upon request the total market value of all such property as determined under section 275.49. ~~If 20 percent or more in value of the taxable property in any school district consists of property on which taxes are paid into the state treasury under gross earnings tax laws applicable to common carrier railroads. The public service commission commissioner of revenue shall certify to the district upon request the market value of railroad property within the district as most recently determined by the commission under section 270.87 . Whenever the state equalization aid review committee, in accordance with section 124.212, subdivision 10, has determined that the assessed valuation of any district furnished by county auditors is not based upon the market value of taxable property in the district, the commissioner of revenue shall certify to the district upon request the ratio most recently ascertained to exist between such value and the actual market value of property within the district. The actual market value of property within a district, on which its debt limit under this subdivision is based, is (a) the value certified by the county auditors and, where applicable, by the public service commission commissioner of revenue under section 270.87 , or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value.~~

Sec. 15. Minnesota Statutes 1978, Sections 295.01, Subdivisions

2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; and 295.14 are repealed.

Sec. 16. Section 15 shall be effective beginning for taxable years after December 31, 1980. The remainder of this article is effective after December 31, 1978.

ARTICLE VIII: PAYMENTS IN LIEU

Section 1. [DEFINITIONS.] Subdivision 1. For the purpose of sections 1 to 5, the terms defined in this section have the meanings given them.

Subd. 2. "Commissioner" means the commissioner of natural resources.

Subd. 3. "Acquired natural resources land" means any land presently administered by the commissioner in which the state acquired by purchase, condemnation, or gift, a fee title interest in lands which were previously privately owned.

Subd. 4. "Other natural resources land" means any other land presently owned in fee title by the state and administered by the commissioner, or any tax-forfeited land, other than platted lots within a city, which is owned by the state and administered by the commissioner or by the county in which it is located.

Sec. 2. There is annually appropriated to the commissioner of natural resources from the general fund for payment to counties within the state an amount equal to \$3 multiplied by the number of acres of acquired natural resources land, 75 cents multiplied by the number of acres of county-administered other natural resources land, and 37.5 cents multiplied by the number of acres of commissioner-administered other natural resources land located in each county as of July 1 of each year. Lands for which payments in lieu are made pursuant to section 97.49, subdivision 7, and Laws 1973, Chapter 567, shall not be eligible for payments under this section. Each county auditor shall certify to the department of natural resources during July of each year the number of acres of county-administered other natural resources land within his county. The department of natural resources may, in addition to the certification of acreage, require descriptive lists of land so certified. The commissioner of natural resources shall determine and certify the number of acres of acquired natural resources land and commissioner-administered natural resources land within each county.

Sec. 3. Payments to the counties shall be made from the general fund during the month of January of the year next following certification. There shall be deducted from amounts paid any amounts paid to a county or township during the preceding year pursuant to sections 84A.51, 89.036, 97.49, subdivision 3, and 272.68, subdivision 3 with respect to the lands certified pursuant to section 2.

Sec. 4. Forty percent of the total payment to the county shall be deposited in the county general revenue fund to be used to pro-

vide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) 37.5 cents for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

(b) From the funds remaining, each organized township shall receive 30 cents per acre of acquired natural resources land and 7.5 cents per acre of other natural resources land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction. Provided that, if the total payment to the county pursuant to section 2 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

Sec. 5. Minnesota Statutes 1978, Section 275.51, Subdivision 3d, is amended to read:

Subd. 3d. The property tax levy limitation for governmental subdivisions in 1977 payable in 1978 and subsequent years shall be calculated as follows:

(a) The sum of the following amounts shall be computed: (1) the property tax permitted to be levied in 1976 payable 1977 computed pursuant to Minnesota Statutes 1976, Section 275.51, Subdivision 3c, plus

(2) the amount of any state aids the governmental subdivision was entitled to receive in calendar year 1977 pursuant to sections 477A.01; 298.26; 298.28, subdivisions 1 and 1a; 298.281, subdivision 1; 298.282; and 294.26, plus

(3) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clauses (a), (c), (d), (e), and (f), except for levies made to pay tort judgments and make settlements of tort claims or to pay the salaries and benefits of municipal and probate court judges, plus

(4) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clause (g) for the administrative costs of public assistance programs or county welfare systems, plus

(5) one-half of the amount of the special levy authorized under section 275.50, subdivision 5, clause (n) shall be added to the permanent levy limit base of the governmental subdivision in the year following the year in which it has been discontinued as a special levy pursuant to the provisions of section 275.50, subdivision 5, clause (n).

(b) The sum computed in clause (a) shall be increased annually in the manner provided in section 275.52 to derive the levy limit base for successive years.

(c) For taxes levied in 1978 payable 1979 and subsequent years, the levy limit base is the levy limit base which was computed for the immediately preceding year under the provisions of this section increased according to the provisions of section 275.52. Any amount levied in 1976 payable 1977 under the provisions of section 275.50, subdivision 5, clauses (a), (c), (d), (e) or (f) to meet the costs of programs, services or legal requirements which cease to exist in a subsequent year shall be subtracted from the levy limit base in the year in which the programs, services or legal requirements for which the levy was made cease to exist.

(d) The levy limit base shall be reduced by the total amount of state formula aids pursuant to section 477A.01 and taconite taxes and aids pursuant to sections 294.26; 298.26; 298.28, subdivision 1; and 298.282; ; *and the payments in lieu of taxes to a county pursuant to section 2 which are required to be used to provide property tax levy reduction*, to be paid in the calendar year in which property taxes are payable. As provided in section 298.28, subdivision 1, for taxes payable in 1978 and 1979, two cents per taxable ton, and for taxes payable in 1980 and thereafter, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4)(c) shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

Sec. 6. [EFFECTIVE DATE.] *This article is effective July 1, 1979.*

ARTICLE IX: SALES TAX

Section 1. Minnesota Statutes 1978, 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, 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, not including hospitals, sanatoriums, nursing homes or senior citizens homes, meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served, meals and lunches served at public and private schools, universities or colleges, or the occasional meal thereof by a charitable or church organization;

(d) The granting of the privilege of admission to places of amusement or athletic events and the privilege of use of amusement devices;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service and intrastate toll service except such service provided by means of coin operated telephones; the tax imposed on amounts paid for telephone services is the liability of and shall be paid by the person paying for the services. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. *The furnishing of water and sewer services for residential use shall not be considered a sale.*

Sec. 2. [EFFECTIVE DATE.] *This article is effective July 1, 1979 for sales made after June 30, 1979.*

ARTICLE X: MISCELLANEOUS

Section 1. Minnesota Statutes 1978, Section 93.55, is amended to read:

93.55 [FAILURE TO FILE OR RE-FILE; FORFEITURE AFTER NOTICE AND HEARING; LEASING; RECOVERY OF FAIR MARKET VALUE OF FORFEITED INTEREST.]

Subdivision 1. If the owner of a mineral interest fails to file the verified statement required by section 93.52, before January 1, 1975, as to any interests owned on or before December 31, 1973, or within one year after acquiring such interests as to interests acquired after December 31, 1973, and not previously filed under section 93.52, the mineral interest shall forfeit to the state *after notice and opportunity for hearing as provided in this section.* Thereafter

Subd. 2. *The commissioner shall notify the last owner of record on file in either the county recorder's or registrar of titles' office of*

a hearing on an order to show cause why the mineral interest should not forfeit to the state absolutely. The notice shall be served in the same manner as provided for the service of summons in a civil action to determine adverse claims under chapter 559 and shall contain the following: (1) the legal description of the property upon or beneath which the interest exists; (2) a recitation that the statement of severed mineral interest either did not comply with the requirements specified by section 93.52 for such a statement or was not filed within the time specified in section 93.55, or both; and (3) that the court will be requested to enter an order adjudging the forfeiture of the mineral interest to be absolute in the absence of a showing that there was substantial compliance with laws requiring the registration and taxation of severed mineral interests. For the purposes of this section, substantial compliance with laws requiring the registration and taxation of severed mineral interests means: (1) that the records in the office of the county recorder or registrar of titles specified the true ownership of the severed mineral interest during the time period within which the statement of severed mineral interest should have been registered with the county recorder or the registrar of titles, or that probate, divorce, bankruptcy, mortgage foreclosure, or other proceedings affecting the title had been timely initiated and diligently pursued by the true owner during the time period within which the severed mineral interest statement should have been registered, and (2) that all taxes relating to severed mineral interests had been timely paid, including any taxes which would have been due and owing under section 273.13, subdivision 2a, had the interest been properly filed for record as required by section 93.52 within the time specified in section 93.55. For the purposes of this section, "timely paid" means paid within the time period during which tax forfeiture would not have been possible had a real property tax been assessed against the property.

Subd. 3. After the forfeiture of the mineral interest is adjudged to be absolute, the mineral interest may be leased in the same manner as provided in section 93.335, for the lease of minerals and mineral rights becoming the absolute property of the state under the tax laws, except that no permit or lease issued pursuant to this section shall afford the permittee or lessee any of the rights of condemnation provided in section 93.05, as to overlying surface interests.

Subd. 4. After the mineral interest has forfeited to the state pursuant to this section, a person claiming an ownership interest before the forfeiture may recover the fair market value of the interest, ~~only in the following manner~~ either; (1) as an alternative claim raised in the hearing on the order to show cause why the mineral interest should not forfeit absolutely, with fair market value to be determined and paid as provided in this subdivision, or (2) in a separate action brought as follows. An action ~~must~~ may be commenced within six years after the forfeiture under this section to determine the ownership and the fair market value of the mineral interests in the property both at the time of forfeiture and at the time of bringing the action. The action shall be brought in the manner provided in chapter 559, for an action to determine

adverse claims, to the extent applicable. The person bringing the action shall serve notice of the action on the commissioner of natural resources in the same manner as is provided for service of notice of the action on a defendant. The commissioner may appear and contest the allegations of ownership and value in the same manner as a defendant in such actions. Persons determined by the court to be owners of the interests at the time of forfeiture to the state under this section may present to the commissioner of finance a verified claim for refund of the fair market value of the interest. A copy of the court's decree shall be attached to the claim. Thereupon the commissioner of finance shall refund to the claimant the fair market value at the time of forfeiture or at the time of bringing the action, whichever is lesser, less any taxes, penalties, costs, and interest which could have been collected during the period following the forfeiture under this section, had the interest in minerals been valued and assessed for tax purposes at the time of forfeiture under this section. There is appropriated from the general fund to the persons entitled to a refund an amount sufficient to pay the refund.

Subd. 5. The forfeiture provisions of this section do not apply to mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests, so long as a tax is imposed and no forfeiture under the tax laws is complete. However, if the mineral interest is valued under other tax laws, but no tax is imposed, the mineral interest forfeits under this section if not filed as required by this section.

Sec. 2. Minnesota Statutes 1978, Chapter 93, is amended by adding a section to read:

[93.551] [VALIDATION OF CERTAIN STATEMENTS; CORRECTION OF CERTAIN ERRORS.] *A statement of severed mineral interests which was filed within the time limits specified by section 93.55 is validly and timely filed even if the interest claimed by the owner does not correctly set forth the whole or fractional interest actually owned; the statement erroneously contained interests from more than one government section; the statement was not properly verified; or the interest, if registered property, was erroneously filed with the county recorder, or, if the interest was not registered property, was filed with the registrar of titles. The owner may file an amendment or supplement to the original statement for the purpose of correcting any or all of the errors described in this section.*

Sec. 3. Minnesota Statutes 1978, Section 121.904, Subdivision 11b, is amended to read:

Subd. 11b. (1) Each district affected by the provisions of subdivision 11a shall account for and expend according to the provisions of this subdivision the total amount by which its 1976 payable 1977 and its 1977 payable 1978 permissible levies pursuant to section 275.125 were reduced on account of payments pursuant to sections 294.21 or 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other

law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties. Notwithstanding the provisions of section 124.212, subdivision 8a, clause (2) and the provisions of section 275.125, subdivision 9, clause (2) or any other law to the contrary, this total amount shall not be applied to reduce the foundation aid which the district is entitled to receive pursuant to section 124.212 or again be applied to reduce the permissible levies of the district.

(2) The lesser of the amount in (1) or an amount equal to \$200 times the pupil units in the district computed pursuant to section 124.17 for the 1977-1978 school year shall be reflected in an "appropriated fund balance reserve account for current use of taconite payments" which shall be established in the general fund. Each school year, beginning in 1978-1979, each affected district shall transfer an amount equal to \$20 times the number of pupil units in the district in 1977-1978 out of this account into other operating accounts in the general fund, until the amount transferred equals the amount originally reflected in the reserve account; provided that in the last year in which the district is required to make this transfer, it shall transfer the balance of the reserve account, not to exceed an amount equal to \$20 times the number of pupil units in the district in 1977-1978. Notwithstanding the provisions of section 121.917, each affected district may use the amount so transferred each year to increase its expenditures above the amount it would otherwise be authorized to expend in that school year.

(3) Of the amount in (1), any amount not reflected in the account established pursuant to clause (2) shall be reflected in the district's appropriated fund balance reserve account for purposes of reducing statutory operating debt, if the district has established this account pursuant to section 275.125, subdivision 9a. The June 30, 1977 statutory operating debt of the district shall be reduced by the amount so reflected and shall be recertified accordingly by the commissioner.

(4) Notwithstanding the provisions of section 121.912, any portion of the amount in (1) remaining after the application of clauses (2) and (3) shall be transferred to the district's capital expenditure fund; *provided that before July 1, 1979 not exceeding \$75,000 of the amount transferred to the capital expenditure fund pursuant to this clause may be transferred to the district's general fund.*

Sec. 4. Minnesota Statutes 1978, Section 270.06, is amended to read:

270.06 [POWERS AND DUTIES.] It shall be the duty of the commissioner of revenue and he shall have power and authority:

(1) To have and exercise general supervision over the administration of the assessment and taxation laws of the state, over assessors, town, county, and city boards of review and equalization, and all other assessing officers in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state;

(2) To confer with, advise and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state, and to that end call meetings of local assessors of each county, to be held at the county-seat of such county, for the purpose of receiving necessary instructions from the commissioner as to the laws governing the assessment and taxation of all classes of property, which meetings at least one member of each local board of review shall attend.

(3) To direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the laws of this state governing returns of assessment and taxation of property, and to cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty.

(4) To require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the laws of this state in respect to the assessment and taxation of property in their respective districts or counties;

(5) To require town, city, county, and other public officers to report information as to the assessment of property, collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the department of revenue, in such form and upon such blanks as he may prescribe;

(6) To require individuals, copartnerships, companies, associations, and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, earnings, operating expenses, taxes, as well as all other statements now required by law for taxation purposes;

(7) To summon witnesses to appear and give testimony, and to produce books, records, papers and documents relating to any tax matter which he may have authority to investigate or determine;

(8) To cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken, upon notice to the interested party, if any, in like manner that depositions of witnesses are taken in civil actions in the district court, in any matter which he may have authority to investigate or determine;

(9) To investigate the tax laws of other states and countries and to formulate and submit to the legislature such legislation as he may deem expedient to prevent evasions of assessment and taxing laws, and to secure just and equal taxation and improvement in the system of assessment and taxation in this state;

(10) To consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and

the progress of the work of the department of revenue, and to furnish the governor, from time to time, such assistance and information as he may require relating to tax matters;

(11) To transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the department of revenue for the preceding year, showing all the taxable property in the state and the value of the same, in tabulated form;

(12) To visit at least one-half of the counties of the state annually and every county in the state at least once in two years and inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties, particularly as to their compliance with the laws requiring the assessment of all property not exempt from taxation;

(13) To exercise and perform such further powers and duties as may be required or imposed upon the commissioner of revenue by law;

(14) The commissioner of revenue may promulgate rules and regulations for the administration and enforcement of the property tax. Such rules and regulations shall have the force and effect of law;

(15) To execute and administer any agreement with the secretary of the treasury of the United States regarding the exchange of information and administration of the tax laws of both the United States and the state of Minnesota;

(16) *To administer and enforce the provisions of sections 325.64 to 325.76, the Minnesota unfair cigarette sales act.*

Sec. 5. Minnesota Statutes 1978, Section 273.13, Subdivision 2a, is amended to read:

Subd. 2a. [CLASS 1B.] "Mineral interest", for the purpose of this subdivision, means an interest in any minerals, including but not limited to gas, coal, oil, or other similar interest in real estate, which is owned separately and apart from the fee title to the surface of such real property. Mineral interests which are filed for record in the offices of either the county recorder or registrar of titles, *whether or not filed* pursuant to sections 93.52 to 93.58, constitute class 1b, and shall be taxed as provided in this subdivision unless specifically excluded by this subdivision. A tax of \$.25 per acre or portion of an acre of mineral interest is hereby imposed and is due and payable annually. If an interest ~~filed pursuant to sections 93.52 to 93.58~~ is a fractional undivided interest in an area, the tax due on the interest per acre or portion of an acre is equal to the product obtained by multiplying the fractional interest times \$.25, computed to the nearest cent. However, the minimum annual tax on any mineral interest is \$2. No such tax on mineral interests is due and payable on the following: (a) Mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests; (b) Mineral interests which are exempt from taxation pursuant to consti-

tutional or related statutory provisions. Tax money received under this subdivision shall be apportioned to the taxing districts included in the area taxed in the same proportion as the surface interest mill rate of a taxing district bears to the total mill rate applicable to surface interests in the area taxed. The tax imposed by this subdivision is not included within any limitations as to rate or amount of taxes which may be imposed in an area to which the tax imposed by this subdivision applies. The tax imposed by this subdivision shall not cause the amount of other taxes levied or to be levied in the area, which are subject to any such limitation, to be reduced in any amount whatsoever. The tax imposed by this section is effective for taxing years beginning January 1, 1975. Twenty percent of the revenues received from the tax imposed by this section shall be distributed under the provisions of section 362.40.

Sec. 6. Minnesota Statutes 1978, Section 290.06, is amended by adding a subdivision to read:

Subd. 13. [GASOLINE AND SPECIAL FUEL TAX REFUND.] Subject to the provisions of section 296.18, a credit equal to the amount paid by the taxpayer during the taxable year as excise tax on gasoline bought and used for any purpose other than use in motor vehicles or snowmobiles or on special fuel bought and used for any purpose other than use in licensed motor vehicles may be deducted from any tax due under chapter 290. Any amount by which the credit exceeds the tax due shall be refunded.

Sec. 7. Minnesota Statutes 1978, Section 292.04, is amended to read:

292.04 [EXEMPTIONS.] The following transfers by gift shall be exempt from and excluded in computing the tax imposed by this chapter:

(1) Gifts to or for the use of the United States of America or any state or any political subdivision thereof for exclusively public purposes;

(2) Gifts to or for the use of any fund, foundation, trust, association, organization or corporation operated within this state for religious, charitable, scientific, literary, or educational purposes exclusively, including the promotion of the arts, or the conduct of a public cemetery, if no part thereof inures to the profit of any private shareholder or individual. Gifts to or for the use of any corporation, fund, foundation, trust, or association operated for religious, charitable, scientific, literary, or educational purposes, including the promotion of the arts, or the conduct of a public cemetery, no part of which inures to the profit of any private shareholders or individual, shall be exempt, if at the date of the gift, the laws of the state under the laws of which the donee is organized or existing either (1) do not impose a gift tax in respect of property transferred to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of this state, or (2) contain a reciprocal provision under which gifts to a similar corporation, fund, foundation, trust, or association orga-

nized or existing under the laws of another state are exempt from gift taxes if such other state allows a similar exemption to a similar corporation, fund, foundation, trust, or association, organized or existing under the laws of such state;

(3) Gifts to a fraternal society, order, or association operating under the lodge system, but only if such gifts are to be used exclusively for the purposes designated in clause (2);

(4) Gifts to or for the use of posts or organizations of war veterans, or auxiliary units or societies of any such posts or organizations, if such posts, organizations, units or societies are organized within the state of Minnesota and if such gifts are to be used exclusively for the purposes designated in clause (2);

(5) All property transferred, money, service, or other thing of value, paid, furnished, or delivered by any person, corporation, organization, or association to his or its employees, or to any organization of his or its employees, directly or indirectly, or to any person, firm, or corporation for them or it, including payments to cover insurance, sickness, and death benefits, pensions, relief activities, or to any other employees benefit fund of any kind, and medical service to such employees and their families;

(6) The first \$3,000 in value of gifts (other than of future interests in property) made to any person by the donor during any calendar year. No part of a gift to a minor donee shall be considered a gift of future interest in property for purposes of this clause if it complies with the provisions of the Minnesota uniform gifts to minors act, chapter 527, or if it is a transfer for the benefit of a minor, and if the property and income therefrom:

(a) May be expended by or for the benefit of the donee before his attaining the age of 18 21 years; and

(b) Will to the extent not so expended

(1) pass to the donee on his attaining the age of 18 21 years and

(2) in the event the donee dies before attaining the age of 18 21 years, be payable to the estate of the donee, or as he may appoint under a general power of appointment as defined in section 2514(C) of the Internal Revenue Code of 1954;

(7) Gifts to an employee stock ownership trust as defined in section 290.01, subdivision 5. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the exemption shall be reduced by the product of multiplying said amount by their percentage interest in the trust.

Sec. 8. [REFUND.] *Persons who paid gift taxes after June 1, 1973 on a transfer excludable pursuant to section 7 shall be entitled to a refund of taxes paid provided a claim is made to the commissioner pursuant to the procedures of section 292.12.*

Sec. 9. Minnesota Statutes 1978, Section 296.18, Subdivision 1, is amended to read:

296.18 [CREDIT.] Subdivision 1. [GASOLINE OR SPECIAL FUEL USED IN OTHER THAN MOTOR VEHICLES.] Any person who shall buy and use gasoline for any purpose other than use in motor vehicles or snowmobiles, or special fuel for any purpose other than use in licensed motor vehicles, and who shall have paid the excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid *eligible to receive the credit provided in section 290.06, subdivision 13, in the amount of the tax paid by him upon filing with the commissioner a signed claim in writing in such form and containing such information as the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth . The taxpayer claiming this credit shall include with his income tax return information including the total amount of the gasoline so purchased and used by him other than in motor vehicles, or special fuel so purchased and used by him other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to him. If the commissioner be satisfied that the claimant is entitled to payment, he shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft.*

Sec. 10. Minnesota Statutes 1978, Section 296.18, Subdivision 2, is amended to read:

Subd. 2. [FAILURE TO USE OR SELL GASOLINE OR SPECIAL FUEL FOR INTENDED PURPOSES; REPORTS REQUIRED.] (1) Any person who shall buy aviation gasoline or special fuel for aircraft use and who shall have paid the excise taxes due thereon directly or indirectly through the amount of the tax being included in the price thereof, or otherwise, and shall use said gasoline or special fuel in motor vehicles or shall knowingly sell it to any person for use in motor vehicles shall, on or before the twenty-third day of the month following that in which such gasoline or special fuel was so used or sold, report the fact of such use or sale to the commissioner in such form as he may prescribe.

(2) Any person who shall buy gasoline other than aviation gasoline and who shall have paid the motor vehicle gasoline excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline, or otherwise, who shall knowingly sell such gasoline to any person to be used for the purpose of producing or generating power for propelling aircraft, or who shall

receive, store, or withdraw from storage such gasoline to be used for that purpose, shall, on or before the twenty-third day of the month following that in which such gasoline was so sold, stored, or withdrawn from storage, report the fact of such sale, storage, or withdrawal from storage to the commissioner in such form as he may prescribe.

(3) Any person who shall buy aviation gasoline or special fuel for aircraft use and who shall have paid the excise taxes directly or indirectly through the amount of the tax being included in the price thereof, or otherwise, who shall not use it in motor vehicles or receive, sell, store, or withdraw it from storage for the purpose of producing or generating power for propelling aircraft, shall be reimbursed and repaid the amount of the tax paid by him upon his making a verified claim in the same manner as is provided in subdivision 1 of this section with reference to claims for refunds of motor vehicle gasoline excise taxes, and the provisions of that subdivision as to the procedure on claims shall apply to claims made under this clause filing with the commissioner a signed claim in writing in such form and containing such information as the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth the total amount of the aviation gasoline or special fuel for aircraft use so purchased and used by him, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to him. If the commissioner be satisfied that the claimant is entitled to payment, he shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing.

Sec. 11. Minnesota Statutes 1978, Section 296.18, Subdivision 3, is amended to read:

Subd. 3. [PENALTIES FOR FILING FALSE CLAIMS.] Every person who shall make any false statement in any claim or invoice filed with the commissioner, or knowingly file with the commissioner any claim or invoice containing any false statement or collect or cause to be paid to him or to any other person a refund without being entitled thereto, when acting pursuant to the provisions of subdivision 1 or subdivision 2, clause 3, shall forfeit the full amount of the claim and be guilty of a misdemeanor. Every person who is convicted under the provisions of this subdivision shall be prohibited from filing with the commissioner any claim for refund upon gasoline purchased within six months after such conviction.

Sec. 12. Minnesota Statutes 1978, Section 296.18, Subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION.] There is hereby appropriated to the persons entitled to such refund under this section, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment. *There is annually appropriated from the highway user tax distribution fund to the general fund the amount required to make the refunds required to be paid as income tax credits pursuant to sections 6 and 9.*

Sec. 13. Minnesota Statutes 1978, Section 298.24, Subdivision 3, is amended to read:

Subd. 3. A credit in the amount of two cents per gross ton of merchantable iron ore concentrate produced shall be allowed against the tax imposed by subdivision 1, with respect to the production of iron ore concentrate from taconite plants which, together with the lands upon which they are located and lands used in connection with the mining, quarrying and concentration of taconite and buildings, machinery, equipment and other fixtures used in the production of taconite, and notwithstanding the provisions of section 298.25, have heretofore by law been made subject to direct taxes for the payment of principal and interest on bonds issued by a school district or city; provided however, that the total amount of credit allowable hereunder with respect to production from any plant heretofore subjected to such direct taxes shall not exceed the amount of the direct taxes levied against such plant and payable after January 1, 1969, and until said bonds and the indebtedness secured thereby have been paid in full; and provided further that no credit shall be allowed hereunder after December 31, 1978 1983. Any credit provided for herein shall reduce the credit authorized under Laws 1965, Chapter 735.

Sec. 14. Minnesota Statutes 1978, Section 473.595, Subdivision 1, is amended to read:

473.595 [COMMISSION FINANCES.] Subdivision 1. [ADMISSION TAX.] Effective January 1, 1978, the commission shall by resolution impose a three percent admission tax upon the granting, sale, or distribution, by any private or public person, association, or corporation, of the privilege of admission to activities; except for those activities sponsored by nonprofit organizations and conducted at the indoor public assembly facility at the metropolitan sports area known as the metropolitan sports center. Commencing with the operation of sports facilities constructed or remodeled by the commission pursuant to sections 473.551 to 473.595, the commission shall impose an additional seven percent admission tax upon activities conducted at such sports facilities. Effective January 1, 1978, no other tax, except the taxes imposed by chapter 297A, may be levied by any other unit of government upon any such sale or distribution. The admission tax shall be stated and charged separately from the sales price so far as practicable and shall be collected by the grantor, seller, or distributor from the person admitted and shall be a debt from that person to the grantor, seller, or distributor, and the tax required to be collected shall constitute a debt owed by the grantor, seller, or dis-

tributor to the commission, which shall be recoverable at law in the same manner as other debts. Every person granting, selling, or distributing tickets for such admissions may be required, as provided in resolutions of the commission, to secure a permit, to file returns, to deposit security for the payment of the tax, and to pay such penalties for nonpayment and interest on late payments, as shall be deemed necessary or expedient to assure the prompt and uniform collection of the tax.

Sec. 15. [CITIES OF GOLDEN VALLEY AND PLYMOUTH; STORM SEWER RESERVE FUND.] *Subdivision 1. [CAPITAL IMPROVEMENT PROGRAM.] The governing body of the city of Plymouth and the governing body of the city of Golden Valley may by resolution after notice and hearing adopt a capital improvement program for a storm sewer tax district established under Minnesota Statutes, Section 444.17. The capital improvement program shall set forth the storm sewer improvement projects to be constructed, a schedule of construction with a termination date not exceeding seven years from its adoption, the estimated cost of the improvements, and the proposed methods of financing the program. The capital improvement program may provide for the construction of various improvement projects at different locations within the district at different times, but the program shall provide for the reasonable storm drainage of all lands within the district.*

Subd. 2. [RESERVE FUND; TAXES.] After the adoption of a capital improvement program for a storm sewer tax district, each municipality may by ordinance after notice and hearing establish a storm sewer reserve fund for the district and may annually levy a tax not exceeding one mill on all the taxable property in the district for the support of the fund in an aggregate amount equal to the actual or estimated cost, whichever is less, of the improvement projects identified in the capital improvement program for the district. The proceeds of the tax shall be paid into the storm sewer reserve fund for the district and used for no other purpose than to pay capital costs of improvement projects therein including principal and interest on obligations issued pursuant to Minnesota Statutes, Section 444.19. A tax levied in accordance with this subdivision is a levy for the payment of principal and interest on bonded indebtedness within the meaning of Minnesota Statutes, Section 275.50, Subdivision 5, clause (e).

Subd. 3. [TERMINATION OF TAX.] If a contract for one or more of the improvement projects identified in the capital improvement program has not been entered into by the municipality within one year after the date of the adoption of the capital improvement program the tax authorized by subdivision 2 shall terminate and any proceeds of the tax in the storm sewer reserve fund shall be transferred and irrevocably pledged to the debt service fund of the municipality to be used solely to reduce tax levies for bonded indebtedness of taxable property within the district. Upon the termination date of the capital improvement program the tax authorized by subdivision 2 shall terminate and proceeds of the tax in

the storm sewer reserve fund shall be used as provided in this section.

Subd. 4. [HEARINGS; NOTICE.] The adoption of a capital improvement program and the establishment of a storm sewer reserve fund shall be preceded by a hearing upon the same notice required for the establishment of a storm sewer district. The municipality may establish the district, adopt the program and establish the fund at the same hearing.

Sec. 16. [MINNEAPOLIS; CONTRACTS.] Subdivision 1. If the city of Minneapolis contracts with a corporation to operate a port facility, the corporation may sell, purchase, or rent supplies, materials, or equipment, or construct, alter, expand, repair, or maintain real or personal property at such facility without regard to the provisions of Minnesota Statutes, Section 471.345. This subdivision shall apply regardless of the source of funds dispersed by the corporation.

Subd. 2. This section is effective upon approval by the governing body of the city of Minneapolis and compliance with Minnesota Statutes, Section 645.021.

Sec. 17. Laws 1977, Chapter 423, Article VIII, Section 1, Subdivision 10, is amended to read:

Subd. 10. [APPROPRIATION.] There is hereby appropriated for the biennium ending June 30, ~~1979~~ 1981, from the general fund, the sum of ~~\$250,000~~ \$525,000 to pay the expenses incurred by the commission and \$50,000 shall be used to study the impact of the municipal aid formula established in Article VI.

Sec. 18. During the period while the chairman of the House tax committee is chairman of the tax study commission, the chairman of the Senate committee on taxes and tax laws shall be the chairman of the subcommittee on personnel of the tax study commission.

Sec. 19. The terms of office of citizen members of the committee established pursuant to Minnesota Statutes, Section 84B.11, Subdivision 1, who are holding office on May 1, 1979, shall be extended for two years from the date on which they would otherwise terminate.

Sec. 20. In the event that additional personnel or funds are necessary for the administration of this act, the commissioner of revenue may request the increase in approved complement or the additional funding from the legislative advisory commission.

Sec. 21. [APPROPRIATION.] There is appropriated from the general fund to the commissioner of revenue the amount necessary to make the refunds provided by section 8.

Sec. 22. This is appropriated from the general fund of the state treasury to a legislative study group of 12 persons, 6 of whom are to be appointed by the senate committee on committees and 6 of whom shall be appointed pursuant to the negotiated agreement of the house, of \$50,000:

(1) to examine the structure of the government of the city of Minneapolis and;

(2) to make recommendations on how to:

(a) increase the efficiency of Minneapolis city government;

(b) reduce the cost of Minneapolis city government; and

(c) insure a structure of government which is responsive to the citizens of the city of Minneapolis.

Sec. 23. [EFFECTIVE DATE.] Sections 1, 2, 5, 14, 15 and 18 to 20 are effective the day following final enactment. Sections 6 and 9 to 12 are effective for gasoline and special fuel sold after December 31, 1979. Sections 7 and 8 are retroactively effective June 1, 1973."

Further, delete the title and insert: "A bill for an act relating to taxation; providing certain modifications of gross income; increasing and extending certain credits against income tax; adjusting the individual income tax brackets, credits and maximum standard deduction for inflation; increasing the maximum standard deduction; providing for computation of charitable contribution deduction; providing for allocation of out-of-state income; increasing maximum political contribution credits; providing for treatment of severance pay as a lump sum distribution; increasing the state share of certain income maintenance payments; clarifying a tax exemption for certain types of public property; reducing certain property assessment ratios; providing for assessment of certain subsidized housing; extending agricultural homestead treatment to noncontiguous land; providing for certain levies; increasing the homestead credit; eliminating the limited market value; providing a property tax credit for owners of property containing transmission lines; providing a property tax credit and exemption for wetlands; clarifying the property tax status of municipal airport property; making various adjustments in the computation of levy limits; delaying the effect of the coefficient of dispersion penalty; increasing certain property tax refund amounts; abolishing the inheritance tax; establishing an estate tax; repealing the gift tax; extending the pollution control equipment credit; providing a residential energy credit; increasing the amount and providing for the distribution of aids to local governments; providing state assistance for municipal pension costs; altering the tax treatment of railroads; providing for payment in lieu of taxes on certain lands; providing a sales tax exemption for sewer and water charges; requiring the commissioner of revenue to administer the Minnesota unfair cigarette sales act; providing for notice and hearing regarding forfeiture of severed mineral rights; extending a credit against the taconite tax; authorizing contracts made by the city of Minneapolis; allowing a levy for storm sewers by the cities of Golden Valley and Plymouth; extending the term of members of a citizens' committee; providing retroactive gift tax exemption for certain gifts to minors; appropriating money; amending Minnesota Statutes 1978, Sections 93.55; 121.904, Subdivision 11b; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 256D.37,

Subdivision 1; 270.06; 272.02, Subdivision 1, and by adding a subdivision; 273.11, Subdivision 2; 273.122, Subdivisions 1 and 2; 273.13, Subdivisions 2a, 4, 5a, 6, 7, 14a, 19, and by adding a subdivision; 273.132; 273.17, Subdivision 1; 273.42; 275.125, Subdivision 6a; 275.50, Subdivision 6; 275.51, Subdivision 3d; 275.52, Subdivision 4; 275.53, Subdivision 1, and by adding a subdivision; 290.01, Subdivision 20; 290.012, Subdivision 3; 290.032, Subdivision 3, and by adding a subdivision; 290.06, Subdivisions 2c, 3c, 3d, 9, 9a, 11, and by adding subdivisions; 290.067, Subdivision 1; 290.081; 290.09, Subdivisions 4 and 15; 290.091; 290.095, Subdivision 1; 290.14; 290.17, Subdivisions 1 and 2; 290.21, Subdivision 3; 290.23, by adding a subdivision; 290.37, Subdivision 1; 290A.03, Subdivisions 3, 11 and 13; 290A.04, Subdivisions 2, 2a, 2b, and 3; 291.005, Subdivision 1; 291.01; 291.03; 291.05, 291.051; 291.06; 291.065; 291.07, Subdivision 1; 291.08; 291.09, Subdivisions 5 and 7, and by adding subdivisions; 291.11, Subdivision 1; 291.111, Subdivision 1; 291.132; 291.14; 291.19, Subdivision 3; 291.20, Subdivision 1; 291.27; 291.33, Subdivision 1; 292.04; 295.02; 296.18, Subdivisions 1, 2, 3 and 8; 297A.01, Subdivision 3; 298.24, Subdivision 3; 352.15, Subdivision 1; 353.01, Subdivision 2a; 353.15; 354.10; 354A.11; 360.035; 422A.10, Subdivision 1; 473.595, Subdivision 1; 475.53, Subdivision 4; 477A.01, Subdivisions 1, 2 and 4; 477A.03; 477A.04, Subdivision 2; 524.3-706; 524.3-916; 524.3-1001; 525.091, Subdivisions 1 and 2; 525.312; 525.71; 525.74; and 525.841; and Chapters 93; 270; 273; 291; 298; 353; 355 and 422A, by adding sections; Laws 1977, Chapter 423, Article VIII, Section 1, Subdivision 10; repealing Minnesota Statutes 1978, Sections 3A.08; 116C.635; 272.59; 273.11, Subdivision 2; 272.59; 290.06, Subdivision 12; 291.02; 291.07, Subdivisions 2 and 2a; 291.09, Subdivisions 1, 2, 3 and 4; 291.10; 291.11, Subdivisions 2, 3, 4, 5, 6, 7, 8, and 9; 291.12, Subdivision 4; 291.19, Subdivision 5; 291.20, Subdivision 3; 291.21, Subdivision 2; 291.22; 291.23; 291.24; 291.25; 291.26; 291.29, Subdivisions 1, 2, 3 and 4; 291.30; 291.34; 291.35; 291.36; 291.37; 291.38; 291.39; 291.40; 292.01; 292.02; 292.03; 292.031; 292.04; 292.05; 292.06; 292.07; 292.08; 292.09; 292.105; 292.111; 292.112; 292.12; 292.125; 292.14; 292.15; 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; 295.14; and 477A.01, Subdivisions 3 and 4a."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Harry Sieben, Jr., Terry Dempsey, John Tomlinson, Irvin N. Anderson, Adolph L. Kvam and Robert L. Searles.

Senate Conferees: (Signed) Wm. McCutcheon, Douglas J. Johnson, Eugene Stokowski, Douglas Sillers and Marvin Hanson.

CALL OF THE SENATE

Mr. McCutcheon imposed a call of the Senate. The following Senators answered to their names:

Anderson	Davies	Gerty	Johnson	Knoll
Ashbach	Dunn	Hanson	Keefe, S.	Lessard
Benedict	Engler	Hughes	Kirchner	Luther
Bernhagen	Frederick	Humphrey	Knaak	McCutcheon

Nelson	Pillsbury	Sikorski	Tennessee	Willet
Ogdahl	Schaaf	Staples	Ueland, A.	
Olson	Schmitz	Stokowski	Ulland, J.	
Penny	Setzepfandt	Strand	Vega	
Peterson	Sieloff	Stumpf	Wegener	

The Sergeant at Arms was instructed to bring in the absent members.

Mr. McCutcheon moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1495 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1495: A bill for an act relating to taxation; providing certain modifications of gross income; increasing and extending certain credits against income tax; adjusting the individual income tax brackets, credits and maximum standard deduction for inflation; increasing the maximum standard deduction; providing for computation of charitable contribution deduction; providing for allocation of out-of-state income; increasing maximum political contribution credits; providing for treatment of severance pay as a lump sum distribution; increasing the state share of certain income maintenance payments; clarifying a tax exemption for certain types of public property; reducing certain property assessment ratios; providing for assessment of certain subsidized housing; extending agricultural homestead treatment to noncontiguous land; providing for certain levies; increasing the homestead credit; eliminating the limited market value; providing a property tax credit for owners of property containing transmission lines; providing a property tax credit and exemption for wetlands; clarifying the property tax status of municipal airport property; making various adjustments in the computation of levy limits; delaying the effect of the coefficient of dispersion penalty; increasing certain property tax refund amounts; abolishing the inheritance tax; establishing an estate tax; repealing the gift tax; extending the pollution control equipment credit; providing a residential energy credit; increasing the amount and providing for the distribution of aids to local governments; providing state assistance for municipal pension costs; altering the tax treatment of railroads; providing for payment in lieu of taxes on certain lands; providing a sales tax exemption for sewer and water charges; requiring the commissioner of revenue to administer the Minnesota unfair cigarette sales act; providing for notice and hearing regarding forfeiture of severed mineral rights; extending a credit against the taconite tax; authorizing contracts made by the city of Minneapolis; allowing a levy for storm sewers by the cities of Golden Valley and Plymouth; extending the term of members of a citizens' committee; providing retroactive gift tax exemption for certain gifts to minors; appropriating money: amending Minnesota Statutes 1978. Sections 93.55; 121.904, Subdivision 11b; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 256D.37, Subdivision 1; 270.06; 272.02, Subdivision 1, and by adding a subdivision; 273.11, Subdivision 2; 273.122, Subdivisions 1 and 2; 273.13, Subdivisions 2a, 4, 5a, 6, 7, 14a, 19, and by adding a subdivision; 273.132; 273.17,

Subdivision 1; 273.42; 275.125, Subdivision 6a; 275.50, Subdivision 6; 275.51, Subdivision 3d; 275.52, Subdivision 4; 275.53, Subdivision 1, and by adding a subdivision; 290.01, Subdivision 20; 290.012, Subdivision 3; 290.032, Subdivision 3, and by adding a subdivision; 290.06, Subdivisions 2c, 3c, 3d, 9, 9a, 11, and by adding subdivisions; 290.067, Subdivision 1; 290.081; 290.09, Subdivisions 4 and 15; 290.091; 290.095, Subdivision 1; 290.14; 290.17, Subdivisions 1 and 2; 290.21, Subdivision 3; 290.23, by adding a subdivision; 290.37, Subdivision 1; 290A.03, Subdivisions 3, 11 and 13; 290A.04, Subdivisions 2, 2a, 2b, and 3; 291.005, Subdivision 1; 291.01; 291.03; 291.05; 291.051; 291.06; 291.065; 291.07, Subdivision 1; 291.08; 291.09, Subdivisions 5 and 7, and by adding subdivisions; 291.11, Subdivision 1; 291.111, Subdivision 1; 291.132; 291.14; 291.19, Subdivision 3; 291.20, Subdivision 1; 291.27; 291.33, Subdivision 1; 292.04; 295.02; 296.18, Subdivisions 1, 2, 3 and 8; 297A.01, Subdivision 3; 298.24, Subdivision 3; 352.15, Subdivision 1; 353.01, Subdivision 2a; 353.15; 354.10; 354A.11; 360.035; 422A.10, Subdivision 1; 473.595, Subdivision 1; 475.53, Subdivision 4; 477A.01, Subdivisions 1, 2 and 4; 477A.03; 477A.04, Subdivision 2; 524.3-706; 524.3-916; 524.3-1001; 525.091, Subdivisions 1 and 2; 525.312; 525.71; 525.74; and 525.841; and Chapters 93; 270; 273; 291; 298; 353; 355 and 422A, by adding sections; Laws 1977, Chapter 423, Article VIII, Section 1, Subdivision 10; repealing Minnesota Statutes 1978, Sections 3A.08; 116C.635; 272.59; 273.11, Subdivision 2; 272.59; 290.06, Subdivision 12; 291.02; 291.07, Subdivisions 2 and 2a; 291.09, Subdivisions 1, 2, 3 and 4; 291.10; 291.11, Subdivisions 2, 3, 4, 5, 6, 7, 8, and 9; 291.12, Subdivision 4; 291.19, Subdivision 5; 291.20, Subdivision 3; 291.21, Subdivision 2; 291.22; 291.23; 291.24; 291.25; 291.26; 291.29, Subdivisions 1, 2, 3 and 4; 291.30; 291.34; 291.35; 291.36; 291.37; 291.38; 291.39; 291.40; 292.01; 292.02; 292.03; 292.031; 292.04; 292.05; 292.06; 292.07; 292.08; 292.09; 292.105; 292.111; 292.112; 292.12; 292.125; 292.14; 292.15; 295.01, Subdivisions 2 and 3; 295.02; 295.03; 295.04; 295.05; 295.12; 295.13; 295.14; and 477A.01, Subdivisions 3 and 4a.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Penny	Solon
Ashbach	Gearty	Laufenburger	Perpich	Spear
Bang	Gunderson	Lessard	Peterson	Staples
Benedict	Hanson	Luther	Pillsbury	Stokowski
Bernhagen	Hughes	McCutcheon	Purfeerst	Strand
Brataas	Humphrey	Menning	Renneke	Stumpf
Chenoweth	Jensen	Merriam	Rued	Tennessen
Chmielewski	Johnson	Moe	Schaaf	Ueland, A.
Coleman	Keefe, S.	Nelson	Schmitz	Ulland, J.
Davies	Kirchner	Nichols	Setzepfandt	Vega
Dieterich	Kleinbaum	Ogdahl	Sieloff	Wegener
Dunn	Knaak	Olhoft	Sikorski	Willet
Engler	Knoll	Olson	Sillers	

So the bill, as amended by the Conference Committee, was re-passed and its title was agreed to.

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1510 and re-passed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1510: A bill for an act relating to the organization and operation of state government; appropriating money for the general administrative and judicial expenses of state government with certain conditions; providing for the transfer of certain moneys in the state treasury; authorizing land acquisition in certain cases; fixing and limiting the amount of fees to be collected in certain cases; amending Minnesota Statutes 1978, Sections 4.12, by adding a subdivision; 4.26, Subdivision 1; 10.31; 16.02, by adding a subdivision; 16.97, Subdivision 1; 16A.126; 43.067, Subdivision 1; 85A.02, Subdivision 12; 116E.03, Subdivision 4; 179.04; 180.03, Subdivision 2; 197.16; 198.31; 299C.07; 361.12, by adding a subdivision; 362.20; 362.40, Subdivisions 9, 10 and 11; 546.27; Chapters 86, by adding a section; and 299C, by adding a section.

Senate File No. 1510 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S. F. Nos. 1099, 1425 and 1218.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 528 and re-passed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 528: A bill for an act relating to courts; authorizing juvenile court referees to hear contested trials, hearings, or motions unless objection is made; conforming civil fees collected by the Hennepin county municipal court with the district court; amending Minnesota Statutes 1978, Sections 484.70, Subdivision 3; and 488A.03, Subdivision 11.

Senate File No. 528 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 486 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 486: A bill for an act relating to education; changing the requirements for membership on the state university board and on the state board for community colleges; amending Minnesota Statutes 1978, Sections 136.12, Subdivision 1; and 136.61, Subdivision 1.

Senate File No. 486 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1504 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 1504: A bill for an act relating to the organization and operation of state government; appropriating money for maintenance of various semi-state activities and for other purposes with certain conditions; authorizing basic life insurance and health benefits coverage for employees of semi-state agencies; amending Minnesota Statutes 1978, Sections 43.43, Subdivision 2; 138.01, by adding a subdivision; 139.10, Subdivision 2; 139.17, Subdivision 2; and 139.18, Subdivision 1.

Senate File No. 1504 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 202 and repassed said bill in accordance with the report of the Committee, so adopted.

S. F. No. 202: A bill for an act relating to health; providing for several types of life support transportation service; providing for health systems agencies to be involved in the licensing process; providing factors to be used in making licensing recommendations; providing for standards for services; forbidding inquiry as to ability to pay before provision of life support transportation services; requiring rules for nonemergency transportation reimbursement under medical assistance; exempting certain providers; amending

Minnesota Statutes 1978, Sections 144.801; 144.802; 144.803; 144.804; 144.805; 144.807, Subdivision 1; 144.808; 144.809 and 144.8091, Subdivision 1.

Senate File No. 202 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1605 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1605 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1605

A bill for an act relating to public improvements; authorizing the acquisition and betterment of public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of state building bonds; appropriating money, and authorizing a special levy.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1605, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1605 be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [PUBLIC LAND AND BUILDINGS; BUILDING FUND APPROPRIATIONS.] The sums set forth in the column designated “APPROPRIATIONS” are appropriated from the state building fund, or any other fund designated, to the state agencies indicated, to be expended for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, as more specifically described in the following sections of this act.

SUMMARY

STATE-WIDE	\$ 2,000,000
CAPITOL COMPLEX	1,348,000
NATURAL RESOURCES	877,500
EDUCATION	1,225,000
STATE UNIVERSITIES	6,221,000
COMMUNITY COLLEGES	300,000
UNIVERSITY OF MINNESOTA	51,242,000
CORRECTIONS	10,477,700
PUBLIC WELFARE	783,000
BOND SALE EXPENSES	40,000
TOTAL	\$ 74,514,200

APPROPRIATIONS

	\$	\$
Sec. 2. [STATEWIDE.]		
To the commissioner of administration for energy conservation.		2,000,000

This appropriation is only for energy projects that have an estimated payback in energy savings in five years or less.

The commissioner of administration shall present a proposed work program to the chairmen of the house appropriations and senate finance committees for review and comment prior to encumbering money for energy conservation.

None of this appropriation shall be used for painting walls.

Sec. 3. [CAPITOL COMPLEX.]

To the commissioner of administration for the purposes specified in this section	1,348,000
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- (a) Repair Administration building parking ramp and plaza 462,000
- (b) Replace roof on Ceremonial House and carriage house 93,000
- (c) Improve Centennial and Transportation building ventilation and air conditioning 223,000
- (d) Repair and improve capitol roof. 173,000
- (e) Remodel Ford building second floor storage to offices 347,000
- (f) Complete Capitol complex exterior signage 50,000

\$

\$

Sec. 4. [NATURAL RESOURCES.]

To the commissioner of administration for purposes more specifically described in the following subdivisions of this section

877,500

Subdivision 1. Replace the water supply intake at the French River hatchery
Debt service on this amount shall be paid from the game and fish fund.

587,500

Subd. 2. Supplement to Laws 1978, Chapter 792, Section 6 (b)

Grand Rapids Regional Headquarters . . .
The gas furnace standby shall be a part of the wood combustion system.

250,000

Subd. 3. Notwithstanding the provisions of any other law to the contrary, to construct a barrier free managers residence at Glacial Lakes State Park . .

40,000

Sec. 5. [EDUCATION.]

Subdivision 1. To the commissioner of administration for the purpose of preparing a plan for the demolition or alternative use of obsolete buildings and working drawings for the construction of a building for which construction costs shall not exceed \$4,200,000 for blind and multi-handicapped students on the campus of the Minnesota Braille and Sight Saving School

225,000

Subd. 2. To the state board of education from the vocational-technical building fund for post-secondary vocational-technical construction in the school district listed in this section.

Independent School District No. 256, Red Wing

1,000,000

This appropriation is for the purpose of reconstructing and remodeling buildings for an energy education center on land donated to the school district for that purpose.

The total cost of the construction shall not exceed \$2,000,000, whether paid from state, local, or federal money.

This appropriation is available April 1, 1980, but only if school district No. 256

	\$	\$
(a) Construct vocational technical education building	7,093,000	
(b) Construct veterinary medicine hospital addition and remodel existing facilities	13,600,000	
(c) Construct poultry reserach and teaching facility	1,985,000	
Subd. 4. Duluth Campus		
Construct business and economics building		3,320,000
Subd. 5. Crookston Campus		
Construct physical education building and outdoor recreation complex.....		3,426,000
Subd. 6. Lake Itasca forestry and biological station resident manager's house and office. Final appropriation.....		17,000
Subd. 7. Northwest Experiment Station at Crookston		

The appropriation made by Laws 1978, Chapter 792, Section 11, Subdivision 9, Clause (b) for auditorium remodeling may be used for auditorium planning and working drawings.

Sec. 9. [CORRECTIONS.]

To the commissioner of administration for the purposes specified in this section 10,477,700

(a) Construct new prison 10,200,000

The commissioner of administration shall report monthly, in writing, to the chairmen of the senate committee on finance and the house of representatives committee on appropriations concerning work progress on the new high security detention facility for adult felons. These reports shall include, but not be limited to, a comparison of projected design, construction, and equipment costs, with actual design, construction, and equipment costs; descriptions of contracts concerning design, construction, or equipment to be entered into before the next monthly report with a cost exceeding \$100,000; and information concerning economic or other factors that may result in increased design, construction or, equipment costs.

This appropriation shall be added to the

\$ \$

appropriation for this purpose made by Laws 1977, Chapter 451, Section 1, Subdivision 1.

This appropriation shall in no way constitute a waiver of any rights or remedies the state may exercise or pursue regarding project errors.

(b) Minnesota State Prison—Essential Renovations 147,800

(c) St. Cloud Reformatory—Replace Power Cable to Wall Towers, and Roof Repairs 129,900

Sec. 10. [PUBLIC WELFARE.]

To the commissioner of administration to rehabilitate roofs at institutions under the control of the commissioner of public welfare. 783,000

Sec. 11. [BOND SALE EXPENSES.]

To the commissioner of finance for bond sale expenses pursuant to Minnesota Statutes, Section 16A.64, Subdivision 4 40,000

Sec. 12. [BOND SALE; DEBT SERVICE.] Subdivision 1. To provide the money appropriated in this act from the state building fund the commissioner of finance upon request of the governor shall sell and issue bonds of the state in the amount of \$74,515,000 in the manner and upon the terms prescribed by Minnesota Statutes, Sections 16A.63 to 16A.67 and by the Constitution, Article XI, Sections 4 to 7.

Subd. 2. To provide the money appropriated in this act from the vocational-technical building fund the commissioner of finance upon request of the governor shall sell and issue bonds of the state in the amount of \$1,000,000 in the manner and upon the terms prescribed in Minnesota Statutes, Section 121.215, and by the Constitution, Article XI, Sections 4 to 7. The proceeds of the bonds, except as provided in Minnesota Statutes, Section 121.215, Subdivision 5, are appropriated to the vocational-technical building fund for expenditure in accordance with this act.

Sec. 13. [CONSULTATION REQUIRED.] No land shall be purchased and no buildings shall be purchased, constructed, or erected on lands of the university until the regents have first consulted with the chairman of the senate finance committee and the chairman of the house appropriations committee and obtained their recommendations which are advisory only.

Sec. 14. [REVIEW OF PLANS.] Neither the commissioner of administration nor the board of regents of the University of Minnesota shall prepare final plans and specifications for any building authorized by this act until the using agency or department has

presented the program and schematic plans to the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations thereon. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 15. [APPROPRIATIONS FOR CONSTRUCTION; TRANSFER.] Upon the awarding of final contracts for the completion of any project for construction or other permanent improvement authorized by this act, the commissioner as to appropriations made to him and the regents as to appropriations made to them may transfer any unencumbered balance in the project account to any other project enumerated in the same section of the appropriation act as the project about to be completed. The money transferred pursuant to this section is appropriated for the purposes for which transferred. The commissioner of administration and the regents of the University of Minnesota shall report to the chairman of the house appropriations committee and the chairman of the senate finance committee on any transfer made pursuant to this section.

Sec. 16. [APPROPRIATIONS FOR CONSTRUCTION; FEDERAL MONEY; EXCEEDING AUTHORIZED COST.] The commissioner of administration, the commissioner of transportation, and the board of regents of the University of Minnesota shall apply for the maximum federal share for each capital improvement project for which money is appropriated by this act. Encumbrance or expenditure of money in excess of the project authorization shall be made only after the commissioner of administration and the board of regents have consulted with the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations thereon. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 17. [METHODS OF ACQUISITION.] Where money has been appropriated by this act to the commissioner of administration to acquire lands or sites for public buildings or real estate, acquisition may be by gift, purchase, or condemnation proceedings. Condemnation proceedings shall be pursuant to chapter 117.

Sec. 18. [ROCHESTER A.V.T.I.] The entire appropriation made in Laws 1978, Chapter 792, Section 8, Subdivision 2, Clause (e) may be used for the purpose of replacing rented garage space upon approval by the school board of Independent School District No. 535 and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 19. [RED WING; SPECIAL LEVY.] In addition to all other levies permitted by law, Independent School District No. 256, Red Wing, may levy in 1979, 1980, and 1981 an amount not to exceed one mill times the adjusted assessed valuation of the taxable property of the district for the preceding year as determined by the equalization aid review committee; provided, the sum of

the amounts levied pursuant to this section in 1979, 1980, and 1981 shall not exceed \$500,000. The proceeds of this levy shall be used only to reconstruct and remodel buildings for an energy education center on land donated to the district for this purpose. The board may not levy any amount pursuant to this section until it has obtained the approval of the voters of the district in a special election governed by the provisions of Minnesota Statutes, Section 123.32, Subdivision 22.

Sec. 20. [EFFECTIVE DATE.] This act is effective the day following final enactment."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Delbert F. Anderson, Lyle G. Mehrkens, James P. Metzgen, Wendell O. Erickson, James C. Swanson and Michael R. Sieben

Senate Conferees: (Signed) Roger D. Moe, Gerald L. Willet, Robert O. Ashbach, Hubert Humphrey III and John B. Keefe

Mr. Moe moved that the foregoing recommendations and Conference Committee Report on H. F. No. 1605 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1605: A bill for an act relating to public improvements; authorizing the acquisition and betterment of public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of state building bonds; appropriating money, and authorizing a special levy.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 3, as follows:

Those who voted in the affirmative were:

Ashbach	Gunderson	Lessard	Peterson	Staples
Bang	Hanson	Luther	Pillsbury	Stokowski
Benedict	Hughes	McCutcheon	Purfeerst	Strand
Bernhagen	Humphrey	Menning	Renneke	Stumpf
Chenoweth	Jensen	Merriam	Rued	Tennessen
Chmielewski	Johnson	Moe	Schaaf	Ueland, A.
Coleman	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Sieloff	Wegener
Engler	Knaak	Olhoft	Sillers	Willet
Frederick	Knoll	Olson	Solon	
Gearty	Knutson	Penny	Spear	

Messrs. Davies, Perpich and Sikorski voted in the negative.

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1606 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1606 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1606

A bill for an act relating to public improvements; authorizing alteration, repair, rehabilitation, equipping, and replacement of equipment of public buildings with certain conditions; authorizing purchase and sale of public lands and buildings; appropriating money.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1606, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and H. F. No. 1606 be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [PUBLIC LAND AND BUILDINGS; GENERAL AND OTHER FUND APPROPRIATIONS.] The sums set forth in the column designated “APPROPRIATIONS” are appropriated from the general fund, or any other fund designated, to the state agencies indicated to be expended in accordance with the provisions of this act.

SUMMARY

STATEWIDE	\$	200,000
CAPITOL COMPLEX		975,000
NATURAL RESOURCES		10,000
EDUCATION		40,000
STATE UNIVERSITIES		50,000
COMMUNITY COLLEGES		500,000

TRANSPORTATION	560,600
PUBLIC WELFARE	9,000
TOTAL	\$ 2,344,600

APPROPRIATIONS

\$ \$

Sec. 2. [STATEWIDE.]

To the commissioner of administration for an energy conservation survey 200,000

Sec. 3. [CAPITOL COMPLEX.]

To the commissioner of administration for the purposes specified in this section 975,000

(a) Study feasibility and prepare cost estimates of a pedestrian and steam tunnel to the Veterans Service Building and steam tunnel to 117 University Ave. . . 20,000

(b) General remodeling of buildings. 300,000

(c) Install additional paving, lighting, and landscaping for parking lots Q and V 125,000

(d) Clean and repaint State Office and Historical Building exteriors 293,000

(e) Replace roof on transportation building 237,000

This appropriation is from the trunk highway fund.

Sec. 4. [NATURAL RESOURCES.]

To the commissioner of administration to be added to the appropriation made in Laws 1977, Chapter 791, Section 3 (e) for a commercial type cold storage building 10,000

This appropriation is from the game and fish fund.

Sec. 5. [EDUCATION.]

To the department of education for the purpose of reviewing physical plant needs and development of a plan of action for education programs operated by public schools for state hospital residents 40,000

The plan shall be developed by the department of education and the following school districts: Brainerd, Cambridge-Isanti, Faribault, Fergus Falls, and St. Peter. The department of education shall

APPROPRIATIONS

\$ \$

report the needs and plans to the chairman of the house appropriations and of the senate finance committee by January 1, 1980.

Sec. 6. [STATE UNIVERSITIES.]

To the chancellor of the state university system to modify electrical service at Bemidji State University 50,000

Sec. 7. [COMMUNITY COLLEGES.]

To the chancellor of community colleges system for roof repairs, road repairs, landscaping, remodeling and miscellaneous maintenance 500,000

Sec. 8. [TRANSPORTATION.]

To the commissioner of transportation for the purposes specified in this section 560,600

(a) Construct interstate rest area facilities 272,000

Oakland Woods W.B. I90..... 136,000

Albert Lea E. B. I90..... 136,000

(b) Remodel Hastings state hospital building to truck station..... 193,000

(c) Acquire land for truck stations at Benson, Granite Falls, Redwood Falls and Dodge Center 95,600

The appropriations in this section are from the trunk highway fund.

Sec. 9. [WELFARE.]

To the commissioner of administration to rehabilitate the sewer lift system for transfer to the city of Willmar for maintenance and operation to serve the Willmar state hospital and the Willmar district department of transportation headquarters. 9,000

Sec. 10. [REVIEW OF BUILDING PLANS.] The commissioner of administration shall not prepare final plans and specifications for any construction or major remodeling authorized by this act until the using agency or department has presented the program and schematic plans to the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations thereon. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 11. [APPROPRIATIONS FOR CONSTRUCTION; TRANSFER.] Upon the awarding of final contracts for the com-

pletion of any project for construction or other permanent improvement authorized by this act, the commissioner of administration may transfer any unencumbered balance in the project account to any other project enumerated in the same section of the appropriation act as the project about to be completed. The money transferred pursuant to this section is appropriated for the purposes for which transferred. The commissioner shall report to the chairman of the house appropriations committee and the chairman of the senate finance committee on any transfer made pursuant to this section.

Sec. 12. [APPROPRIATIONS FOR CONSTRUCTION; FEDERAL MONEY; EXCEEDING AUTHORIZED COST.] The commissioner of administration shall apply for the maximum federal share for each capital improvement project for which money is appropriated by this act. Encumbrance or expenditure of money in excess of the project authorization shall be made only after the commissioner of administration has consulted with the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations thereon. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 13. [EFFECTIVE DATE.] This act is effective upon final enactment."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Delbert F. Anderson, Wendell O. Erickson, Bruce G. Nelsen, C. Thomas Osthoff, Glen H. Anderson, Paul McCarron

Senate Conferees: (Signed) Roger D. Moe, Hubert H. Humphrey III, Gerald L. Willet, John B. Keefe, Robert O. Ashbach

Mr. Moe moved that the foregoing recommendations and Conference Committee Report on H. F. No 1606 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 1606: A bill for an act relating to public improvements; authorizing alteration, repair, rehabilitation, equipping, and replacement of equipment of public buildings with certain conditions; authorizing purchase and sale of public lands and buildings; appropriating money.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Lessard	Perpich	Solon
Ashbach	Hanson	Luther	Peterson	Spear
Benedict	Hughes	McCutcheon	Pillsbury	Staples
Bernhagen	Humphrey	Menning	Purfeerst	Stokowski
Chenoweth	Jensen	Merriam	Renneke	Strand
Chmielewski	Johnson	Moe	Rued	Stumpf
Coleman	Keefe, S.	Nelson	Schaaf	Tennessee
Davies	Kirchner	Nichols	Schmitz	Ueland, A.
Dieterich	Kleinbaum	Ogdahl	Setzepfandt	Ulland, J.
Dunn	Knaak	Olhoff	Sieloff	Vega
Engler	Knoll	Olson	Sikorski	Wegener
Gearty	Knutson	Penny	Sillers	Willet

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No 1553: A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results and technical errors of a noncontroversial nature; providing for the effective date of Laws 1979, Chapter 56, Section 6; amending Laws 1979, Chapter 63, Section 1, Subdivision 2; Minnesota Statutes 1978, Section 98.46, Subdivisions 3, as amended, and 18, as amended.

Senate File No. 1553 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

CONCURRENCE AND REPASSAGE

Mr. Davies moved that the Senate concur in the amendments by the House to S. F. No. 1553 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1553 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Gearty	Keefe, J.	McCutcheon
Ashbach	Coleman	Gunderson	Kirchner	Menning
Bang	Davies	Hanson	Kleinbaum	Merriam
Benedict	Dieterich	Hughes	Knoll	Moe
Bernhagen	Dunn	Humphrey	Knutson	Nelson
Brataas	Engler	Jensen	Lessard	Nichols
Chenoweth	Frederick	Johnson	Luther	Ogdahl

Olhoff	Renneke	Sikorski	Strand	Wegener
Penny	Rued	Sillers	Stumpf	Willet
Perpich	Schaaf	Solon	Tennessee	
Peterson	Schmitz	Spear	Ueland, A.	
Pillsbury	Setzepfandt	Staples	Ulland, J.	
Purfeerst	Sieloff	Stokowski	Vega	

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 261 and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 261 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 261

A bill for an act relating to municipal industrial development; amending the definition of project; requiring a notice and hearing; amending Minnesota Statutes 1978, Sections 474.01, Subdivision 7a, and by adding a subdivision; 474.02, Subdivision 1c, and by adding a subdivision; and 474.12.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 261, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 261 be amended as follows:

Strike everything after the enacting clause and insert:

Section 1. [462C.01] [AUTHORIZATION.] *Subdivision 1. A city may develop and administer programs of making or purchasing mortgage loans to finance the acquisition of single family housing by low and moderate income persons and families anywhere within its boundaries upon the following conditions:*

(a) *The city develops a housing plan as required by section 3;*

(b) *A public hearing is held thereon after one publication of notice in a newspaper circulating generally in the city, at least 30 days before the hearing, after which the plan may be adopted by resolution of the governing body with or without amendment; and*

(c) *The plan is submitted for review pursuant to section 4.*

Sec. 2. [462C.02] [DEFINITIONS.] *Subdivision 1. For the purposes of sections 1 to 8, the terms defined in this section have the meanings given them.*

Subd. 2. "Housing plan" means a plan for an individual city which sets forth the information required by section 3.

Subd. 3. "Program" means an individual component of the housing plan for which an issue of revenue bonds or obligations is proposed.

Subd. 4. "Single family housing" means real property and improvements thereon or an apartment as described in chapter 515 or any amendatory or supplemental law, which is owned or to be owned and occupied by one person or family as a principal residence.

Subd. 5. "Multifamily housing development" or "development" means an apartment facility, cooperative or a group of townhouses which include four or more dwelling units, each to be rented or sold to or occupied by a person or family for use as a residence. A development may include new construction or the rehabilitation of an existing building and site.

Subd. 6. "City" means any statutory or home rule charter city, or any public body which (a) is the housing and redevelopment authority in and for a city, or the port authority of a city, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 1 to 8.

Subd. 7. "Adjusted gross income" means gross family income less \$750 for each adult in the family to a maximum of two adults and less \$500 for each other dependent in the family.

Sec. 3. [462C.03] [CITY HOUSING PLAN.] *Subdivision 1. The housing plan shall set forth:*

(a) The housing needs of the city and the data demonstrating those needs;

(b) The plan of the city to meet identified housing needs, and the specific methods to be used to carry out the plan;

(c) Target areas, if any, of the city for each method;

(d) The financing program or programs to be included in the plan;

(e) The number and qualifications of lenders eligible to participate in the program;

(f) The estimated amount of mortgage loans to be made or purchased in each program and the estimated amounts and timing of the sale of revenue bonds required to finance such loans, fund appropriate reserves, and pay costs of issuance;

(g) Methods for monitoring the implementation by participants

to insure that the programs will be consistent with the plan and its objectives;

(h) The administrative capacity of the city to monitor and supervise housing finance programs;

(i) The cost to the city, including administrative costs; and

(j) An analysis of how the programs will meet the needs of low and moderate income families in the city.

Subd. 2. Each program shall establish limits on gross income for persons and families to be served by the program. The adjusted gross income may not exceed the greater of (a) 110 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, as the case may be, or (b) 100 percent of the income limits established by the Minnesota housing finance agency in which the city is located; except as provided in subdivision 8. The Minnesota housing finance agency shall provide the relevant income data to any city requesting the data.

Subd. 3. The plan shall establish maximum purchase prices or appraised values for single family housing eligible for mortgage loans in each program. The maximum purchase price allowable shall not exceed three times the income limit established for the program in subdivision 2, except that, for any program or portion of a program undertaken pursuant to subdivision 8, the maximum purchase price shall not exceed four times the income limit established pursuant to subdivision 2.

Subd. 4. Any financial institution as defined in Minnesota Statutes, Section 47.0151, doing business within the city which is an approved FHA/VA or FNMA/FHLMC lender shall be eligible for consideration for origination of single family housing loans in any city housing program. Other lenders may be eligible as provided in the program. Origination of loans in the program may not be limited to a single lender unless other eligible lenders are not interested in participating or the program clearly sets forth why a public purpose would be served by confining participation to one lender.

Subd. 5. In the event that on the date of the adoption of the resolution by the governing body of the city authorizing the sale of the revenue bonds or obligations any financial institution within the city has entered into a commitment agreement with the Minnesota housing finance agency under which the agency has agreed to purchase mortgage notes and mortgages securing loans for single family housing, and the financial institution has not closed an amount of eligible mortgages equal to at least 95 percent of the total amount provided in the commitment agreement, then the city may not enter into a commitment to purchase loans from the financial institution for its program. Any city housing finance program may not provide loans to consumers at a rate which is less than the rate on loans provided to consumers under the Minnesota housing finance agency program at the time of adoption of

the resolution. The executive director of the agency may waive either or both of the requirements of this subdivision in writing.

Subd. 6. Loans under a single family housing program may not be made to one developer or builder or restricted to housing provided by one developer or builder.

Subd. 7. Fifty percent of the money available for loans for each single family housing program subject to the income limits established pursuant to subdivision 2, must be made available to persons and families with adjusted gross incomes of less than 90 percent of the program's income limits for a period of six months from the date when the money becomes available for the program.

Subd. 8. Twenty percent of the aggregate amount of all loans provided under all city housing programs included in the housing plan for single family housing may be provided without regard to income limits or net worth limits if: (a) the housing program is used to finance single family housing in either a development district established pursuant to section 472A.03, or a redevelopment project established pursuant to section 462.521, or an industrial development district established pursuant to section 458.191; or (b) the city has previously developed and administered a housing program for low and moderate income persons and families and the program will be used to further policies of economic integration, stability and revitalization of residential areas. No housing program shall be developed or administered pursuant to this subdivision if the housing program will contribute to urban sprawl. A housing program shall be deemed to contribute to urban sprawl if the housing program is to be used to finance single family housing in any previously unincorporated real property annexed by the city pursuant to chapter 414, within one year prior to the date of the resolution adopted pursuant to this act.

Sec. 4. [462C.04] [PLAN REVIEW.] Subdivision 1. Any city located within the metropolitan area as defined in Minnesota Statutes 1978, Section 473.121, Subdivision 2, shall submit its housing plan or any amendments to the metropolitan council for review and comment. All other cities shall submit their housing plans or any amendments to the regional development commission for the area in which the city is located, for review and comment. The appropriate reviewing agency shall comment on:

(a) Whether the plan furthers local and regional housing policies;

(b) The compatibility of the housing plan with the housing portion of the comprehensive plan of the city, if any; and

(c) Whether the plan adequately meets the stated housing needs of the city.

The appropriate reviewing agency shall complete its review and comment within 45 days after submission.

Subd. 2. All cities shall submit their housing programs to the Minnesota housing finance agency for review and approval. The agency shall determine:

(a) *Whether the program furthers statewide housing policies;*

(b) *Whether the program is capable of implementation without material adverse effect on financing programs of the agency, without subjecting the interest on future bonds of the agency to federal income tax under any limitations imposed at the time by federal law, and without exceeding the limitation provided in section 7, subdivision 2;*

(c) *Whether the program provides for administrative and bond issuance costs that are reasonable; and*

(d) *Whether the program complies with all other requirements of sections 1 to 8.*

The agency shall complete its review and shall notify the city of its decision within 30 days. A failure to notify within 30 days constitutes approval. The agency may collect reasonable fees and charges in connection with its review of a city's housing program. The fees and charges shall be limited to the amounts required to pay the actual costs to the agency.

The Minnesota housing finance agency, in cooperation with the metropolitan council and the regional development commission, shall report annually to the legislature on the number and amounts of bond issues and the number of housing programs established pursuant to sections 1 to 8.

Sec. 5. [462C.05] [MULTIFAMILY HOUSING DEVELOPMENTS.] *Subdivision 1. A city may also plan, administer, and make or purchase a loan or loans to finance one or more multifamily housing developments within its boundaries, of the kind described in subdivisions 2, 3 or 4, and upon the conditions set forth in this section. A loan may be made or purchased for the acquisition and preparation of a site and the construction of a new development, or for the acquisition of an existing building and site and the rehabilitation thereof, provided that:*

(a) *The cost of rehabilitation of an existing building is estimated to equal at least \$5,000 per dwelling unit or 50 percent of the appraised value of the original building and site, whichever is less;*

(b) *At least a substantial portion of such rehabilitation cost is estimated to be incurred for compliance with building codes or conservation of energy;*

(c) *Each development upon completion shall comply with all applicable code requirements;*

(d) *A loan or loans may be made or purchased for either the construction or the long term financing of a development, or both, including the financing of the acquisition of dwelling units and interests in common facilities provided therein, by persons to whom such units and facilities may be sold as contemplated in chapter 515 or any supplemental or amendatory law thereof; and*

(e) *Substantially all of the proceeds of each loan shall be used*

to pay the cost of a multifamily housing development, including property functionally related and subordinate to it; but nothing herein prevents the construction of the development over, under, or adjacent to, and in conjunction with facilities to be used for purposes other than housing.

Subd. 2. A development may be designed for occupancy by persons and families of low or moderate income, and by other persons and families to the extent determined to be necessary in furtherance of the policy of economic integration stated in section 462A.-02, subdivision 6, with at least 20 percent of the dwelling units held for occupancy by families or individuals eligible to receive subsidies under section 8 of the United States Housing Act of 1937, as amended, or another amendatory or supplemental law of the United States.

Subd. 3. A development may be located within a redevelopment project area established pursuant to chapter 462 or within a development district established pursuant to chapter 472A or within an industrial development district established pursuant to section 458.191 without regard to the limitations and conditions set forth in section 3 and in subdivision 2.

Subd. 4. A development may be designed for rental primarily to elderly or handicapped persons without regard to the limitations and conditions set forth in section 3 and in subdivision 2.

Subd. 5. Each program for a multifamily housing development or developments described in subdivision 1 shall be adopted after public hearing and approved by the Minnesota housing finance agency as provided in section 1, on the basis of the considerations stated in section 4.

Subd. 6. The program shall demonstrate need for the development or developments, describe the method of financing proposed, state whether the development is to be constructed pursuant to subdivision 2, 3, or 4, and state the applicable limitations on gross income, if any, of the occupants.

Sec. 6. [462C.06] A housing and redevelopment authority in and for a county may exercise the powers conferred by sections 1 to 7 on behalf of a city, if the city authorizes the housing and redevelopment authority in and for the county in which the city is located to exercise such powers and the county has authorized its housing and redevelopment authority to exercise its powers pursuant to Minnesota Statutes, Section 462.426; provided, however, that any program undertaken pursuant to this section shall be included in the limitations provided in section 7, subdivision 2, and also shall be subject to the limitations of sections 3 and 4 in the case of a single family housing program, and subject to the limitations of section 5 in the case of a multi-family housing development program.

Sec. 7. [462C.07] [HOUSING REVENUE BONDS.] Subdivision 1. To finance programs or developments described in any plan the city may, upon approval of the plan as provided in sec-

tion 1, subdivision 1, clause (c), issue and sell revenue bonds or obligations which shall be payable exclusively from the revenues of the programs or developments. In the purchase or making of single family housing loans and the purchase or making of multi-family housing loans and the issuance of revenue bonds or other obligations the city may exercise within its corporate limits, any of the powers the Minnesota housing finance agency may exercise under chapter 462A, without limitation under the provisions of chapter 475.

Subd. 2. The aggregate principal amount of revenue bonds or other obligations issued by a city pursuant to this section shall not exceed an amount equal to \$1,000 times its population for the first 50,000 persons, plus \$500 times its population in excess of 50,000, until otherwise provided by law. Its population shall be determined by the last state or federal census, or by the last official estimate of the metropolitan council, for a city in the metropolitan area, whichever is greater.

Subd. 3. Upon approval of the housing plan as provided in section 1, subdivision 1, clause (c), any port authority referred to in chapter 458 may, until July 1, 1980, issue revenue bonds of the port authority to finance multi-family housing developments undertaken in accordance with the provisions of section 5, and for such purpose the port authority may exercise any and all powers set forth in chapters 458 and 474, provided that nothing herein shall be construed as authorizing a port authority to finance any housing program other than that authorized by section 5. After July 1, 1980, the port authority may issue revenue bonds solely in accordance with the provisions of sections 1 to 16.

Sec. 8. [462C.08] [OTHER HOUSING LEGISLATION.] Sections 1 to 7 do not impair or otherwise affect the validity or provisions for the security of any obligations issued or agreements made pursuant to law before the effective date of these sections. Sections 1 to 7 do not preclude or affect or limit the institution or financing or character of a housing program, project or development permitted for any city by any special law in effect on the effective date of these sections, except that: (a) section 3 is applicable to any program undertaken pursuant to a special law adopted after January 1, 1979, (b) no such city or agency thereof may issue obligations after January 1, 1980, for the purpose of financing a housing program or development of any kind referred to in sections 1 and 5, unless its plan therefor has previously been reviewed by the appropriate reviewing body and its program has been reviewed and approved by the agency; and all such obligations issued by such cities after January 1, 1980, shall be subject to the limitations set forth in sections 1 to 7.

Sec. 9. Minnesota Statutes 1978, Section 474.01, Subdivision 7a, is amended to read:

Subd. 7a. No municipality or redevelopment agency shall undertake any project authorized by this chapter unless its governing body finds that the project furthers the purposes stated in this section, nor until the commissioner of securities has approved the project, on the basis of preliminary information which the com-

missioner may require, as tending to further the purposes and policies of this chapter. Approval shall not be deemed to be an approval by the commissioner of securities or the state of the feasibility of the project or the terms of the revenue agreement to be executed or the bonds to be issued therefor, and the commissioner shall state this in communicating approval.

Sec. 10. Minnesota Statutes 1978, Section 474.01, is amended by adding a subdivision to read:

Subd. 7b. Prior to submitting an application to the commissioner of securities requesting approval of a project pursuant to subdivision 7a, the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than 15 days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the commissioner of securities, together with all attachments and exhibits thereto, shall be available for public inspection following the publication of such notice and shall specify the place and times where and when it will be so available. At the time and place fixed for the public hearing, the governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution determining whether or not to proceed with the project and its financing and may thereafter apply to the commissioner of securities for approval of the project.

Sec. 11. Minnesota Statutes 1978, Section 474.02, is amended by adding a subdivision to read:

Subd. 1d. Notwithstanding any provision of this chapter, the term "project" shall not include any property to be sold or to be affixed to or consumed in the production of property for sale, and shall not include any housing facility to be rented or used as a permanent residence.

Sec. 12. Minnesota Statutes 1978, Section 474.03, is amended to read:

474.03 [POWERS.] Any municipality or redevelopment agency, in addition to the powers prescribed elsewhere by the laws of this state, shall have the power to:

(1) Acquire, construct, and hold any lands, buildings, easements, water and air rights, improvements to lands and buildings, and capital equipment to be located permanently or used exclusively on a designated site and solid waste disposal and pollution control equipment, regardless of where located, which are deemed

necessary in connection with a project to be situated within the state, whether wholly or partially within or without the municipality or redevelopment agency, and construct, reconstruct, improve, better, and extend such project;

(2) Issue revenue bonds, in anticipation of the collection of revenues of such project, to finance, in whole or in part, the cost of the acquisition, construction, reconstruction, improvement, betterment, or extension thereof;

(3) Issue revenue bonds to pay, *purchase or discharge* all or any part of the outstanding indebtedness of a contracting party engaged primarily in the operation of one or more nonprofit hospitals or nursing homes, theretofore incurred in the acquisition or betterment of its existing hospital or nursing home facilities, including, to the extent deemed necessary by the governing body of the municipality or redevelopment agency, any unpaid interest on such indebtedness accrued or to accrue to the date on which such indebtedness is finally paid; *and any premium the governing body of the municipality or redevelopment agency determines to be necessary to be paid to pay, purchase or defease such outstanding indebtedness*; if revenue bonds are issued for this purpose, the refinancing and the existing properties of the contracting party shall be deemed to constitute a project under section 474.02, subdivision 1c. Industrial revenue bonds shall only be available under this provision if the commissioner of securities has been shown that a reduction in debt service charges to patients and third party payors will occur. All reductions in debt service charges pursuant to this program shall be passed on to patients and third party payors. These industrial revenue bonds may not be used for any purpose not consistent with the provisions of sections 145.71 to 145.83 or chapter 256B;

Nothing in this subdivision is intended to prohibit the use of revenue bond proceeds to pay outstanding indebtedness of a contracting party to the extent now permitted by law;

(4) Enter into a revenue agreement with any person, firm, or public or private corporation or federal or state governmental subdivision or agency in such manner that payments required thereby to be made by the contracting party shall be fixed, and revised from time to time as necessary, so as to produce income and revenue sufficient to provide for the prompt payment of principal of and interest on all bonds issued hereunder when due, and the revenue agreement shall also provide that the contracting party shall be required to pay all expenses of the operation and maintenance of the project including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the project and payable during the term of the revenue agreement, during which term a tax shall be imposed and collected pursuant to the provisions of section 272.01, subdivision 2, for the privilege of using and possessing the project, in the same amount and to the same extent as though the contracting party were the owner of all real and personal property comprising the project;

(5) Pledge and assign to the holders of such bonds or a trustee therefor all or any part of the revenues of one or more projects and define and segregate such revenues or provide for the payment thereof to a trustee, whether or not such trustee is in possession of the project under a mortgage or otherwise;

(6) Mortgage or otherwise encumber such projects in favor of the municipality or redevelopment agency, the holders of such bonds, or a trustee therefor, provided that in creating any such mortgages or encumbrances a municipality or redevelopment agency shall not have the power to obligate itself except with respect to the project;

(7) Make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of the powers herein granted, or in the performance of its covenants or duties, or in order to secure the payment of its bonds; including, but without limitation, a contract entered into prior to the construction of the project authorizing the contracting party, subject to such terms and conditions as the municipality or redevelopment agency shall find necessary or desirable and proper, to provide for the construction, acquisition, and installation of the buildings, improvements, and equipment to be included in the project by any means available to the contracting party and in the manner determined by the contracting party and without advertisement for bids as may be required for the construction or acquisition of other municipal facilities;

(8) Enter into and perform such contracts and agreements with other municipalities, political subdivisions, and state agencies, authorities, and institutions as the respective governing bodies of the same may deem proper and feasible for or concerning the planning, construction, lease, purchase, mortgaging or other acquisition, and the financing of a project, and the maintenance thereof, including an agreement whereby one municipality issues its revenue bonds in behalf of one or more other municipalities, which contracts and agreements may establish a board, commission, or such other body as may be deemed proper for the supervision and general management of the facilities of the project; provided, no municipality or redevelopment agency shall enter into or perform any contract or agreement with any school district under which the municipality or redevelopment agency issues its revenue bonds or otherwise provides for the construction of school facilities and the school leases or otherwise acquires these facilities;

(9) Accept from any authorized agency of the federal government loans or grants for the planning, construction, acquisition, leasing, purchase, or other provision of any project, and enter into agreements with such agency respecting such loans or grants;

(10) Sell and convey all properties acquired in connection with such projects, including without limitation the sale and conveyance thereof subject to such mortgage as herein provided, and the sale and conveyance thereof under an option granted to the lessee of the project, for such price, and at such time as the governing

body of the municipality or redevelopment agency may determine, provided, however, that no sale or conveyance of such properties shall ever be made in such manner as to impair the rights or interests of the holder, or holders, of any bonds issued under the authority of this chapter;

(11) Issue revenue bonds to refund, in whole or in part, bonds previously issued by such municipality or redevelopment agency under authority of this chapter;

(12) If so provided in the revenue agreement, terminate the agreement and re-enter or repossess the project upon the default of the contracting party, and operate, lease, or sell the project in such manner as may be authorized or required by the provisions of the revenue agreement or of the resolution or indenture securing the bonds issued for the project; any revenue agreement which includes provision for a conveyance of real estate to the contracting party may be terminated in accordance with the revenue agreement, notwithstanding that such revenue agreement may constitute an equitable mortgage provided that no municipality or redevelopment agency shall have power otherwise to operate any project referred to in this chapter as a business or in any manner whatsoever, and nothing herein authorizes any municipality or redevelopment agency to expend any funds on any project herein described, other than the revenues of such projects, or the proceeds of revenue bonds and notes issued hereunder, or other funds granted to the municipality or redevelopment agency for the purposes herein contemplated, except as may be otherwise permitted by law and except to enforce any right or remedy under any revenue agreement or related agreement for the benefit of the bondholders or for the protection of any security given in connection with a revenue agreement, provided that the public cost of redevelopment of land paid by a city or its redevelopment agency shall not be deemed part of the cost of any project situated on such land;

(13) Invest or deposit, or authorize a trustee to invest or deposit, any money on hand in funds or accounts established in connection with a project or payment of bonds issued therefor, to the extent they are not presently needed for the purposes for which such funds or accounts were created, in accordance with section 471.56, as amended; and

(14) Waive or require the furnishing of a contractors payment and performance bond of the kind described in section 574.26 and if such bond shall be required, then the provisions of chapter 514 relating to liens for labor and materials, shall not be applicable in respect of any work done or labor or materials supplied for the project, and if such bond be waived then the said provisions of chapter 514 shall apply in respect of work done or labor or materials supplied for the project.

Sec. 13. Minnesota Statutes 1978, Section 474.12, is amended to read:

474.12 [EXCLUSION OF INTEREST ON BONDS FROM

GROSS INCOME.] *Subdivision 1.* Interest paid on bonds issued under authority of this chapter shall not be included in gross income for the purpose of computing any tax imposed by or under the provisions of chapter 290, or any act amendatory thereof or supplemental thereto.

Subd. 2. Notwithstanding subdivision 1, the interest paid on bonds issued under authority of this chapter and issued after June 30, 1979 shall be exempt only as provided under section 290.08, subdivision 7, for obligations of the issuing municipality.

Sec. 14. [TRANSITIONAL PROVISIONS.] *Subdivision 1.* Sections 9 and 10 do not apply to a project which has been given preliminary approval by the governing body of a municipality or redevelopment agency before the effective date of this act.

Subd. 2. Section 11 does not apply to multifamily rental projects approved by the commissioner of securities or by a redevelopment agency prior to April 17, 1979.

Subd. 3. The cities of Coon Rapids in Anoka County and Vadnais Heights in Ramsey County are authorized to proceed with the single family housing projects heretofore approved by the commissioner of securities pursuant to their applications, respectively, under chapter 474, and to issue revenue bonds to finance such projects, notwithstanding any provisions of sections 1 to 12, provided that:

(a) Of the principal amount of loans made or purchased by each city in effectuating its approved project, at least 50 percent shall be made to persons or families whose adjusted gross income, as defined in section 2 does not exceed 110 percent of median family income estimated by the department of housing and urban development for the metropolitan statistical area in which the cities are situated, increased by the sums of \$750 for each adult, and \$500 for each other dependent; 40 percent may be made to persons or families whose adjusted gross income exceeds 110 percent but does not exceed 120 percent of said amount; and the remainder may be made without limitation;

(b) The maximum price allowable for homes eligible for mortgage loans shall not exceed three times the income limit established in clause (a) exclusive of the adjustment for family members;

(c) The amount of revenue bonds authorized by this subdivision is limited to \$45,000,000 for Coon Rapids and \$35,000,000 for Vadnais Heights;

(d) The principal amount of bonds issued by either city pursuant to this section shall be deducted from the aggregate amount of bonds issuable by the city at any time under the provisions of section 7, subdivision 2; and

(e) This subdivision applies to two cities within two contiguous counties and is effective the day following final enactment, in accordance with the provisions of Minnesota Statutes, Section 645.023, Subdivision 1.

Sec. 15. *The approved complement of the Minnesota housing finance agency may be increased up to three unclassified positions for the purposes of sections 1 to 16.*

Sec. 16. *This act is effective the day following final enactment.*

Further, strike the title and insert:

“A bill for an act relating to municipal development; limiting the objects and methods of financing residential, industrial, and economic development; regulating the planning and implementation of single family housing programs and multifamily housing developments and housing rehabilitation programs; authorizing and regulating the effectuation and financing of existing single family housing projects and undertaken by the cities of Coon Rapids in Anoka County and Vadnais Heights in Ramsey County; amending Minnesota Statutes 1978, Sections 474.01, Subdivision 7a, and by adding a subdivision; 474.02, by adding a subdivision; 474.03; and 474.12.”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) William Schreiber, Ray O. Pleasant, M. D. Haukoos, Carl W. Kroening, James R. Casserly, Eugene T. Waldorf.

Senate Conferees: (Signed) Hubert H. Humphrey, III, Jerald C. Anderson, Harmon T. Ogdahl, Franklin J. Knoll, John C. Chenoweth.

Mr. Humphrey moved that the foregoing recommendations and Conference Committee Report on H. F. No. 261 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 261: A bill for an act relating to municipal development; limiting the objects and methods of financing residential, industrial, and economic development; regulating the planning and implementation of single family housing programs and multifamily housing developments and housing rehabilitation programs; authorizing and regulating the effectuation and financing of existing single family housing projects and undertaken by the cities of Coon Rapids in Anoka County and Vadnais Heights in Ramsey County; amending Minnesota Statutes 1978, Sections 474.01, Subdivision 7a, and by adding a subdivision; 474.02, by adding a subdivision; 474.03; and 474.12.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Knutson	Penny	Solon
Bang	Hanson	Lessard	Perpich	Spear
Benedict	Hughes	Luther	Peterson	Staples
Bernhagen	Humphrey	McCutcheon	Purfeerst	Stokowski
Chenoweth	Jensen	Menning	Renneke	Strand
Chmielewski	Johnson	Merriam	Rued	Stumpf
Coleman	Keefe, J.	Moe	Schaaf	Tennessee
Davies	Keefe, S.	Nelson	Schmitz	Ueland, A.
Dieterich	Kirchner	Nichols	Setzepfandt	Ulland, J.
Dunn	Kleinbaum	Ogdahl	Sieloff	Vega
Engler	Knaak	Olhoft	Sikorski	Wegener
Gearty	Knoll	Olson	Sillers	Willet

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

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

S. F. No. 1476: A bill for an act relating to banks; authorizing certain additional facilities for banks; amending Minnesota Statutes 1978, Section 47.52.

Senate File No. 1476 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 1979

CONCURRENCE AND REPASSAGE

Mr. Bang moved that the Senate concur in the amendments by the House to S. F. No. 1476 and that the bill be placed on its repassage as amended. The motion prevailed.

S. F. No. 1476 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 50 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Luther	Perpich	Solon
Bang	Hanson	McCutcheon	Peterson	Spear
Bernhagen	Humphrey	Menning	Pillsbury	Staples
Chenoweth	Jensen	Merriam	Purfeerst	Stokowski
Coleman	Johnson	Moe	Renneke	Stumpf
Davies	Keefe, S.	Nelson	Rued	Tennessee
Dieterich	Kleinbaum	Nichols	Schaaf	Ueland, A.
Dunn	Knaak	Ogdahl	Setzepfandt	Ulland, J.
Engler	Knoll	Olhoft	Sieloff	Vega
Gearty	Knutson	Olson	Sillers	Wegener

Those who voted in the negative were:

Chmielewski	Kirchner	Penny	Strand	Willet
Hughes	Lessard	Sikorski		

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

MOTIONS AND RESOLUTIONS—CONTINUED

S. F. No. 917 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S. F. NO. 917

A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increasing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance; establishing a reopened case fund; establishing a voluntary group self-insurance association; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, Subdivision 2, and by adding subdivisions; 79.095; 79.10; 79.21; 79.22, by adding a subdivision; 79.25; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.081, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivision 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179; 176.181, Subdivision 2, and by adding a subdivision; 176.191; 176.231, Subdivisions 1 and 2; 176.235, Subdivision 1; 176.241; 176.271; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding a section; repealing Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7.

May 21, 1979

The Honorable Edward J. Gearty
President of the Senate

The Honorable Rod Searle
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 917, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 917 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 79.01, is amended by adding subdivisions to read:

Subd. 6. [ASSOCIATION.] "Association" or "rating association" means the Workers' Compensation Insurers Rating Association of Minnesota.

Subd. 7. [INTERESTED PARTY.] Interested party means any person or association acting on behalf of its members who is directly affected by a change in the schedule of rates and includes the staff of the insurance division.

Subd. 8. [SCHEDULE OF RATES.] Schedule of rates means the rate level applicable to the various industry groupings or classes, including the risk classifications thereunder upon which the determination of workers' compensation premiums are based, including but not limited to all systems for merit or experience rating, retrospective rating, and premium discounts.

Sec. 2. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.071] [RATES; HEARINGS.] *Subdivision 1. The commissioner shall adopt a schedule of workers' compensation insurance rates for use in this state for each classification under which business is written. The schedule of rates shall not be excessive, inadequate, or unfairly discriminatory. In adopting a schedule of rates, the commissioner may act on the written petition of the association or any other interested party requesting that a hearing be held for modification of the schedule of rates. The commissioner may include the expense of a reasonable charge for the services of an agent of record, for the service of rejected risks as set forth in sections 79.24 to 79.27.*

Subd. 2. Upon receipt of a petition requesting a hearing for modification of an existing schedule of rates, the commissioner shall determine whether the petition sufficiently sets forth facts that show that the existing schedule of rates is excessive, inadequate, unfairly discriminatory, or otherwise in need of modification so as to indicate the need to hold a hearing. The commissioner may decline to grant a hearing if the association has failed to provide information requested by previous orders modifying the schedule of rates, provided that the request was not unreasonable. The commissioner may accept or reject the petition for a hearing and shall give notice of his determination to the petitioning party within 30 days of receipt of the petition. If the commissioner rejects the petition, he shall notify the petitioning party of the reasons for the rejection.

Subd. 3. If the commissioner accepts the petition for hearing, the commissioner shall order a hearing on matters set forth in the petition requesting modification of the schedule of rates. The hearing shall be held pursuant to the contested case procedures set forth in sections 15.0411 to 15.052. The burden of proof shall be on the petitioning party. The hearing examiner may admit documentary and statistical evidence accepted and relied upon by an expert whose field of expertise may have some relevance to workers' compensation rate matters, without the requirement of traditional

evidentiary foundation. Within 30 days after the close of the hearing record, the hearing examiner shall transmit to the commissioner the entire record of the hearing, including the transcript, exhibits, and all other material properly accepted into evidence, together with the finding of facts, conclusions, and recommended order made by the hearing examiner. The time for filing the report may be extended by the chief hearing examiner for good cause.

Subd. 4. The commissioner may accept, reject, or modify, in whole or in part, matters raised in the petition for modification of the schedule of rates or matters raised in the findings and recommendations of the hearing examiner. The commissioner's determination shall be based upon substantial evidence.

Subd. 5. The commissioner shall make a final determination with respect to adoption of a schedule of rates within 90 days after receipt of the hearing examiner's report. If the commissioner fails to act within the 90 day period, the findings, conclusions, and recommended order of the hearing examiner become the final order of the commissioner.

Subd. 6. The commissioner may hire a consulting actuary and other experts he deems necessary to assist in the hearing for modification of the schedule of rates. The costs of conducting the hearing provided under subdivision 3, including the costs of hiring a consulting actuary and other experts, shall be assessed against the rating association and its members.

Subd. 7. The office of hearing examiners, upon approval of the chief hearing examiner, may hire consultants necessary to assist the hearing examiner assigned to a given workers' compensation rate proceeding.

Sec. 3. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.072] [PETITION FOR REHEARING.] *Subdivision 1. Any interested party may petition the commissioner for rehearing and reconsideration of a determination made pursuant to section 2. The petition for rehearing and reconsideration shall be served upon the commissioner and all parties to the rate hearing within 30 days after service of the commissioner's final order. The petition shall set forth factual grounds the petitioning party deems to exist in support of its petition. An interested party adversely affected by a petition for review and reconsideration shall be afforded 15 days to respond to factual matters so alleged in the petition.*

Subd. 2. At his discretion, the commissioner may grant a rehearing upon the filing of a petition under subdivision 1. Upon rehearing, the commissioner may limit the scope of factual matters that are subject to rehearing and reconsideration. The rehearing is subject to the provisions of section 2.

Subd. 3. Following rehearing, the commissioner may modify the terms of the initial order adopting a change in the schedule of rates upon a determination that adequate factual grounds exist

to support modification. Adequate factual grounds shall include, but need not be limited to, erroneous testimony by any witness or party to the hearing, material change in Minnesota loss or expense data occurring after a petition for modification of the schedule of rates has been filed, or any other mistake of fact that has a substantial effect upon the schedule of rates adopted in the initial order of the commissioner.

Sec. 4. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.073] [JUDICIAL REVIEW.] *Final orders of the commissioner pursuant to sections 2 and 3 are subject to judicial review by writ of certiorari brought in the district court in Ramsey County by an interested party of record adversely affected thereby. The operation of the commissioner's order is not suspended during judicial review; provided that in the event of a judicial determination against the validity of the commissioner's order, the order under review and any subsequent order shall be modified so as to give effect to the court's ruling. For purposes of further judicial review, the commissioner is an aggrieved party to the extent that his orders are modified or set aside by the district court.*

Sec. 5. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.074] [DISCRIMINATION.] *Subdivision 1. [RATES.] One rate is unfairly discriminatory in relation to another if it clearly fails to reflect equitably the differences in expected losses, expenses, and the degree of risk. Rates are not unfairly discriminatory because different premiums result for policyholders with like loss exposures but different expense factors, or like expense factors but different loss exposures, so long as the rates reflect the differences with reasonable accuracy.*

Subd. 2. [DIVIDENDS.] Dividend plans are not unfairly discriminatory where different premiums result for different policyholders with similar loss exposures but different expense factors, or where different premiums result for different policyholders with similar expense factors but different loss exposures, so long as the respective premiums reflect the differences with reasonable accuracy. Every insurer referred to in section 79.20 who issues participating policies shall file with the commissioner a true copy or summary as the commissioner shall direct of its participating dividend rates as to policyholders. The commissioner may study the participating dividend rates and make recommendations to the legislature concerning possible bases for unfair discrimination.

Sec. 6. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.075] [AUTOMATIC ADJUSTMENT OF RATES.] *The commissioner shall, by rule, establish a formula by which a schedule of rates may be automatically adjusted to reflect benefit changes that have been mandated by operation of law subsequent to the most recent change in the statewide schedule of rates. This*

adjustment shall also reflect the annual change in the maximum weekly compensation made pursuant to section 176.101, an adjustment in the assessment rate for the financing of the special fund, and the annual adjustment made pursuant to section 176.645. Any automatic adjustment made pursuant to this subdivision is effective on October 1 or as soon thereafter as possible and is not otherwise subject to sections 15.0411 to 15.052.

At each rate hearing held pursuant to section 2 or rehearing pursuant to section 3, following an automatic adjustment, the commissioner shall review the rate adjustment to assure that the schedule of rates adopted subsequent to the adjustment are not excessive, inadequate, or unfairly discriminatory. If the commissioner finds that the schedule of rates adopted subsequent to the adjustment are excessive, inadequate, or unfairly discriminatory, the commissioner shall order appropriate remedial action.

Sec. 7. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.076] [RATE REVISION ORDER; EFFECT.] *Subdivision 1. Following adoption of a revised schedule of rates pursuant to sections 2 or 3, the revised rates apply to new and renewal policies issued after the effective date of the commissioner's final order.*

Subd. 2. The revised schedule of rates apply to all insureds and prospective insureds pursuant to the provisions of the workers' compensation rating manual adopted by the association and approved by the commissioner, provided that the manual:

(1) Is deemed to have met the applicable requirements of sections 15.0411 to 15.052 as of the effective date of sections 2 and 3.

(2) Shall not be amended except by a contested case proceeding held pursuant to sections 2 and 3.

Sec. 8. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.221] [INDEPENDENT CONTRACTORS; PAYROLL DETERMINATION.] *Pursuant to the contested case procedures in sections 15.0411 to 15.052, the commissioner may establish a formula to be used to determine the remuneration of independent contractors whose actual payroll cannot be determined.*

Sec. 9. Minnesota Statutes 1978, Section 79.095, is amended to read:

79.095 [APPOINTMENT OF ACTUARY.] *The commissioner shall employ the services of a casualty actuary experienced in worker's 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 actuary employed pursuant to this section is not subject to the provisions of section 43.067.*

Sec. 10. Minnesota Statutes 1978, Section 79.10, is amended to read:

79.10 [REVIEW OF ACTS OF INSURERS.] The commissioner, upon its own motion or upon the written complaint of any person having a direct interest, may review the acts of any insurer, bureau, or agent subject to the provisions of sections 79.01 to 79.23, and make findings and orders requiring compliance with the provisions thereof. Not less than ten days notice of this review before the commissioner shall be given to the parties interested in its findings or orders shall be made after a hearing before it and is subject to a review by a writ of certiorari brought in the supreme court. The operation of the commissioner's order is suspended during such review, but in the event of final determination against an insurer any overcharge made during the pendency of the proceedings shall be refunded to the person entitled thereto. All written complaints under this section shall be verified and may be upon information and belief of the person complaining. A copy of the complaint shall be served upon the insurer, bureau, or person against whom the complaint is directed and each party in interest is entitled to at least ten days notice of any hearing thereon. The insurance division staff may investigate on the request of any person or on its own initiative the acts of the rating association, an insurer, or an agent that are subject to provisions of sections 79.01 to 79.23 and may make findings and recommendations that the commissioner issue an order requiring compliance with the provisions thereof. The proposed findings and recommended order shall be served on all affected parties at the same time that the staff transmits its findings and recommendations to the commissioner. Any party adversely affected by the proposed findings and recommended order may request that a hearing be held concerning the issues raised therein within 15 days after service of the findings and recommended order. This hearing shall be conducted as a contested case pursuant to sections 15.0411 to 15.052. If a hearing is not requested within the time specified in this section, the proposed findings and recommended order may be adopted by the commissioner as a final order.

Sec. 11. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.171] [INFORMATION.] *In addition to other information that the commissioner requests pursuant to section 2, the rating association shall: (a) separate the incurred but not reported losses of its members; (b) separate paid and outstanding losses of its members; (c) provide information indicating cases in which its members have established a reserve in excess of \$50,000; and (d) provide information on the income on invested reserves of its members.*

The commissioner shall consider this information in an appropriate manner in adopting a schedule of rates and shall decline to grant a hearing pursuant to section 2 if the association fails to provide the information.

Sec. 12. Minnesota Statutes 1978, Section 79.21, is amended to read:

79.21 [RATES TO BE UNIFORM; EXCEPTIONS.] No insurer shall write insurance at a rate other than that exceeds that

made and put into force by the bureau and approved as adequate and reasonable by the commissioner. The bureau may reduce or increase a rate by the application to individual risks of the system of merit or experience rating which has been approved by the commissioner. This reduction or increase shall be set forth in the policy or by indorsement thereon. *An insurer may write insurance at rates that are lower than the rates approved by the commissioner provided the rates are not unfairly discriminatory.*

Sec. 13. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.211] [CERTAIN PREMIUM DETERMINATION PRACTICES.] *Subdivision 1. [CERTAIN WAGES EXCLUDED FOR RATE MAKING.] The rating association or an insurer shall not include wages paid for a vacation, holiday, or sick leave in the determination of workers' compensation insurance premium.*

Subd. 2. [DIVISION OF PAYROLL.] The rating association or an insurer shall permit an employer to divide his payroll among relevant rating classifications for purposes of premium calculation when the employer's records provide adequate support for such division.

Sec. 14. Minnesota Statutes 1978, Section 79.22, is amended to read:

79.22 [DUTIES OF COMMISSIONER.] *Subdivision 1. The commissioner of insurance shall require these insurers, or their agents, to file with him on such blanks as he may prescribe such reports as in the judgment of the commissioner, may be necessary for the purposes of sections 79.01 to 79.23; and this information when so filed shall be available for the use of the commissioner. No information regarding the writings of any insurer shall be made public by the commissioner or the bureau, or any of its employees, except as required by law.*

Subd. 2. The commissioner shall annually examine the reopened case fund established in section 43 to determine whether the fund has sufficient assets to cover claims charged against the fund including the maintenance of reasonable reserves. If upon this examination the commissioner deems it necessary for the maintenance of the required assets he shall determine the amount to be assessed against insurers and self-insured employers and shall notify the commissioner of labor and industry of the determination.

Sec. 15. Minnesota Statutes 1978, Section 79.25, is amended to read:

79.25 [BUREAU TO FIX PREMIUM RATES.] *Subdivision 1. When any such rejected risk is called to its attention and it appears that the risk is in good faith entitled to coverage the bureau shall fix the initial premium therefor and may fix an additional charge to compensate the agent of record for his services and, upon its payment, the bureau shall designate a member, whose duty it shall be to issue a policy containing the usual and customary provisions found in such policies therefor, but for which*

undertaking all members of the bureau shall be reinsurers as among themselves in the amount which the compensation insurance written in this state during the preceding calendar year by that member bears to the total compensation insurance written in this state during the preceding year by all the members of the bureau.

Subd. 2. An insurer that issues a policy pursuant to this section shall not receive an expense allowance that exceeds the expense allowance approved by the commissioner for other insurers.

Sec. 16. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.33] [ADDITIONAL DUTIES OF THE COMMISSIONER.] *In addition to other duties prescribed to the commissioner, he may: (a) study the feasibility of extending the experience rating system to employers who are covered by it; and (b) require insurers when establishing reserves to use life expectancy tables, when available, that are appropriate for persons with equivalent disabilities. If these life expectancy tables are not available, the commissioner shall require insurers to develop them unless their development is not feasible.*

Sec. 17. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.34] [CREATION OF REINSURANCE ASSOCIATION.] *Subdivision 1. An unincorporated, nonprofit association known as the workers' compensation reinsurance association is created. Each insurer as defined by section 79.01, subdivision 2, shall as a condition of its authority to transact workers' compensation insurance in this state, be a member of the reinsurance association and shall be bound by the plan of operation of the reinsurance association. Each self-insurer approved pursuant to section 176.181 shall also be a member of the reinsurance association and shall be bound by its plan of operation. The reinsurance association shall not be deemed a state agency. Actions of the reinsurance association and its board of directors and actions of the commissioner of insurance with respect to the reinsurance association shall not be subject to chapter 15.*

Subd. 2. (1) The reinsurance association shall provide and each member shall accept indemnification for 100 percent of the amount of ultimate loss sustained in each loss occurrence under chapter 176 in excess of \$300,000 or \$100,000 at the option of the member, provided that \$300,000 and \$100,000 shall be increased, to the nearest \$10,000, on October 1, 1980 and on each October 1 thereafter by the percentage increase in the state-wide average weekly wage for the previous calendar year as determined pursuant to clause (2) of this subdivision. Ultimate loss as used in this section means the actual loss amount which a member is obligated to pay and which is paid or payable by the member and shall not include claim expenses. An ultimate loss is incurred by the reinsurance association on the date on which the loss occurs.

(2) For the purposes of this section state-wide average weekly

wage means that wage determined by the commissioner in the following manner: On or before the July 1 preceding the October 1 on which the increase is to be applicable, the total wages reported to the department of economic security for the preceding 12 months ending on December 31 shall be divided by the total employment reported to that department for the same period to arrive at an average annual wage, which shall be divided by 52 to determine the state-wide average weekly wage.

Subd. 3. An insurer may withdraw from the reinsurance association only upon ceasing to write workers' compensation insurance in this state.

An insurer whose membership in the reinsurance association is terminated shall continue to be bound by the plan of operation. Upon withdrawal, all unpaid premiums which have been charged to the withdrawing member shall be payable as of the effective date of the withdrawal.

Subd. 4. An unsatisfied net liability to the reinsurance association of an insolvent member shall be assumed by and apportioned among the remaining members of the reinsurance association as provided in the plan of operation. The reinsurance association shall have all rights allowed by law on behalf of the remaining members against the estate or funds of the insolvent member for sums due the reinsurance association.

Subd. 5. When a member has been merged or consolidated into another insurer, or another insurer, which provides insurance required by chapter 176, has reinsured a member's entire business, the member and successors in interest of the member shall remain liable for the member's obligations.

Subd. 6. No insurer or self-insurer may establish a reserve in a financial statement filed with the commissioner of insurance in excess of its maximum liability under this section for a single claim or occurrence.

Sec. 18. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.35] [DUTIES; RESPONSIBILITIES; POWERS.] *The reinsurance association shall do the following on behalf of its members:*

(a) *Assume 100 percent of the liability as provided in section 17;*

(b) *Establish procedures by which members shall promptly report to the reinsurance association each claim which, on the basis of the injury sustained, may reasonably be anticipated to involve liability to the reinsurance association if the member is held liable under chapter 176. Solely for the purpose of reporting claims, the member shall in all instances consider itself legally liable for the injury. The member shall advise the reinsurance association of subsequent developments likely to materially affect the interest of the reinsurance association in the claim;*

(c) *Maintain relevant loss and expense data relative to all liabil-*

ities of the reinsurance association and require each member to furnish statistics in connection with liabilities of the reinsurance association at the times and in the form and detail as may be required by the plan of operation;

(d) Calculate and charge to members a total premium sufficient to cover the expected losses of the reinsurance association in excess of the larger retention limit, together with operating and administrative expenses, which the reinsurance association will likely pay during the period for which this premium is applicable. The premium shall include an amount to cover any excess or deficient premiums from previous periods. Each member shall be charged an amount equal to a percentage, equal to that charged other members, of that member's total gross written premiums, less returned premiums, written during the period preceding that to which the reinsurance association premium will apply. An equitable basis for premium charges to self insurers shall be established by the board. Members exercising the lower retention option shall be charged a premium established by the board as sufficient to cover incurred claims for the liability the association is likely to incur for the period to which the premium applies. The premium shall not be unfairly discriminatory as defined in section 5. The premium may reflect excessive or deficient premiums from previous periods;

The reinsurance association shall establish a reserve in anticipation of expended losses in excess of \$500,000 for a single occurrence.

(e) Require and accept the payment of premiums from members of the reinsurance association;

(f) Receive and distribute all sums required by the operation of the reinsurance association;

(g) Establish procedures for reviewing claims procedures and practices of members of the reinsurance association. If the claims procedures or practices of a member are considered inadequate to properly service the liabilities of the reinsurance association, the reinsurance association may undertake, or may contract with another person, including another member, to adjust or assist in the adjustment of claims which create a potential liability to the association and may charge the cost of the adjustment to the member; and

(h) Provide each member of the reinsurance association with an annual report of the operations of the reinsurance association in a form the board of directors may specify.

Sec. 19. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.36] [ADDITIONAL POWERS.] *In addition to the powers granted in section 18, the reinsurance association may do the following:*

(a) *Sue and be sued. A judgment against the reinsurance association shall not create any direct liability against the individual members of the reinsurance association. The reinsurance associa-*

tion may provide for the indemnification of the members, members of the board of directors of the reinsurance association, and officers, employees and other persons lawfully acting on behalf of the reinsurance association;

(b) Reinsure all or any portion of its potential liability with reinsurers licensed to transact insurance in this state;

(c) Provide for appropriate housing, equipment, and personnel as may be necessary to assure the efficient operation of the reinsurance association;

(d) Contract for goods and services, including independent claims management, actuarial, investment, and legal services from others within or without this state to assure the efficient operation of the reinsurance association;

(e) Adopt rules, consistent with the plan of operation, for the administration of the reinsurance association, enforce those rules, and delegate authority as necessary to assure the proper administration and operation of the reinsurance association;

(f) Intervene at any time, in any proceeding under chapters 79 or 176 in which liability of the reinsurance association may, in the opinion of the board of directors of the reinsurance association or its designee, be established, or the reinsurance association affected in any other way;

(g) Hear and determine complaints of a company or other interested party concerning the operation of the reinsurance association; and

(h) Perform other acts not specifically enumerated in this section which are necessary or proper to accomplish the purposes of the reinsurance association and which are not inconsistent with sections 17 to 25 or the plan of operation.

Sec. 20. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.37] [BOARD OF DIRECTORS.] A board of directors of the reinsurance association is created and shall be responsible for the operation of the reinsurance association consistent with the plan of operation and sections 17 to 25. The board shall consist of nine directors and the commissioner of insurance who shall be an ex officio member. Four members of the board shall represent insurers, three members of the board shall represent employers, and two members of the board shall represent employees. Each board member shall be entitled to one vote, except as provided otherwise. Terms of the directors shall be staggered so that the terms of all the directors do not expire at the same time and so that a director does not serve a term of more than four years. The board shall select a chairman and other officers it deems appropriate.

A majority of the board shall constitute a quorum, notwithstanding any vacancies. Action may be taken by a majority vote of the directors present.

Sec. 21. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.38] [PLAN OF OPERATION.] *The plan of operation shall provide for all of the following:*

(a) *The establishment of necessary facilities;*

(b) *The management and operation of the reinsurance association;*

(c) *A preliminary premium, payable by each member in proportion to its total premium in the year preceding the inauguration of the reinsurance association, for initial expenses necessary to commence operation of the reinsurance association;*

(d) *Procedures to be utilized in charging premiums, including adjustments from excess or deficient premiums from prior periods;*

(e) *Procedures governing the actual payment of premiums to the reinsurance association;*

(f) *Reimbursement of each member of the board by the reinsurance association for actual and necessary expenses incurred on reinsurance association business;*

(g) *The composition, terms, compensation and other necessary rules consistent with section 20 for boards of directors of the reinsurance association to succeed the initial board provided in section 24;*

(h) *The investment policy of the reinsurance association; and*

(i) *Any other matters required by or necessary to effectively implement sections 17 to 25.*

Sec. 22. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.39] [APPLICABILITY OF CHAPTER 79.] *The reinsurance association is subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the reinsurance association at any time and examine the reinsurance association's operations, records and practices.*

Sec. 23. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.40] [PREMIUM INCLUSION IN RATEMAKING.] *Premiums charged members by the reinsurance association shall be recognized in the ratemaking procedures for insurance rates in the same manner as assessments for the special compensation fund.*

Sec. 24. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.41] [ORGANIZATIONAL MEETING.] *Not more than 30 days after the effective date of this section, the commissioner shall convene an organizational meeting of the board. The board shall be initially composed of nine members appointed by the*

commissioner as follows: four representatives of insurers, three representatives of employers, and two representatives of employees. The commissioner or his designee shall serve as an ex officio member. The initial directors shall serve until their replacements are elected and installed. The commissioner may appoint replacement directors as necessary until a full board is elected and installed.

Sec. 25. Minnesota Statutes 1978, Chapter 79, is amended by adding a section to read:

[79.42] [SUBMISSION OF PLAN.] *Subdivision 1. Not more than 60 days after the initial organizational meeting of the board, the board shall submit to the commissioner for approval a proposed plan of operation consistent with the objectives and provisions of sections 17 to 25 which shall provide for the economical, fair, and nondiscriminatory administration of the reinsurance association and for the prompt and efficient payment of losses. If a plan is not submitted within this 60-day period, the commissioner shall formulate and place into effect a plan consistent with this chapter.*

Subd. 2. The plan of operation, unless approved sooner in writing, shall be considered to meet the requirements of sections 17 to 25 if it is not disapproved by written order of the commissioner within 30 days after the date of its submission. Before disapproval of all or any part of the proposed plan of operation, the commissioner shall notify the board in what respect the plan of operation fails to meet the requirements and objectives of sections 17 to 25. If the board fails to submit a revised plan of operation which meets the requirements and objectives of sections 17 to 25 within 30-days of the commissioner's notice of the inadequacy of the first plan, the commissioner shall immediately formulate and place into effect a plan consistent with the requirements and objectives of sections 17 to 25.

Subd. 3. The proposed plan of operation or amendments to the plan of operation shall be subject to approval by the board, with voting rights being apportioned according to the premiums charged, and shall be subject to approval by the commissioner.

Subd. 4. Upon approval by the commissioner and ratification by the members of the submitted plan, or upon the promulgation of a plan by the commissioner, each insurer authorized to write workers' compensation insurance shall be bound by and shall formally subscribe to and participate in the approved plan as a condition of maintaining its authority to transact insurance in the state.

Sec. 26. Minnesota Statutes 1978, Section 175.006, Subdivision 1, is amended to read:

175.006 [DIVISION OF WORKERS' COMPENSATION.] Subdivision 1. [CREATION AND ORGANIZATION.] The division of workers' compensation, generally administering the workers' compensation law, is created within the department of labor and industry. There is created as a separate appellate tribunal for workers' compensation, the workers' compensation court of appeals.

The workers' compensation court of appeals shall be composed of ~~three~~ *five* judges ~~learned in the law~~, each serving in the unclassified service of the state civil service. *Of the five judges, at least three shall be learned in the law.* Each judge of the workers' compensation court of appeals shall be appointed by the governor, by and with the advice and consent of the senate, for a term of six years. The judges of the workers' compensation court of appeals as now created shall be the judges of the workers' compensation court of appeals until the expiration of the terms for which they have been appointed and qualified.

Sec. 27. Minnesota Statutes 1978, Section 175.08, is amended to read:

175.08 [OFFICE.] The workers' compensation court of appeals and the department of labor and industry shall maintain their main offices within the Minneapolis-Saint Paul metropolitan area and be provided by the commissioner of administration with suitable rooms and necessary furniture. *The offices of the workers' compensation court of appeals and the department of labor and industry shall be in separate buildings.* They may hold sessions at any other place in the state when their convenience and that of the parties interested so requires.

Sec. 28. Minnesota Statutes 1978, Section 176.011, Subdivision 9, is amended to read:

Subd. 9. [EMPLOYEE.] "Employee" means any person who performs services for another for hire; and includes the following:

- (1) an alien;
- (2) a minor;
- (3) a sheriff, deputy sheriff, constable, marshal, policeman, firefighter, a county highway engineer, and a peace officer while engaged in the enforcement of peace or in and about the pursuit or capture of any person charged with or suspected of crime and any person requested or commanded to aid an officer in arresting any person, or in retaking any person who has escaped from lawful custody, or in executing any legal process in which case, for purposes of calculating compensation payable under this chapter, the daily wage of the person requested or commanded to assist an officer or to execute a legal process shall be the prevailing wage for similar services where the services are performed by paid employees;
- (4) a county assessor;
- (5) an elected or appointed official of the state, or of any county, city, town, school district or governmental subdivision therein but an officer of a political subdivision elected or appointed for a regular term of office or to complete the unexpired portion of any such regular term, shall be included only after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;
- (6) an executive officer of a corporation except an officer of a

family farm corporation as defined in section 500.24, subdivision 1, clause (c), nor shall it include an executive officer of a closely held corporation who is referred to in section 176.012;

(7) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioner of public welfare and state institutions under the commissioner of corrections similar to those of officers and employees of ~~such these~~ institutions, and whose services have been accepted or contracted for by the commissioner of public welfare or the commissioner of corrections as authorized by law, shall be employees within the meaning of this subdivision. In the event of injury or death of ~~any such the~~ voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of ~~such the~~ injury or death for similar services in institutions where ~~such the~~ services are performed by paid employees;

(8) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision thereof, shall be ~~employees an~~ employee. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of ~~such the~~ injury or death for similar services where ~~such the~~ services are performed by paid employees;

(9) a voluntary uncompensated worker participating in a program established by a county welfare board shall be an employee within the meaning of this subdivision. In the event of injury or death of ~~any such the~~ voluntary uncompensated worker, the wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid in the county at the time of ~~such the~~ injury or death for similar services where ~~such the~~ services are performed by paid employees working a normal day and week;

(10) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 85.041 shall be an employee. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where ~~such the~~ services are performed by paid employees;

(11) a member of the military forces, as defined in section 190.05, while in "active service" or "on duty" as defined in section 190.05, when the service or duty is ordered by state authority. The daily wage of the member for the purpose of calculating compensation payable under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

(12) a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a

volunteer, pursuant to chapter 138, shall be an employee. The daily wage of the worker, for the purposes of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where *such the services* are performed by paid employees;

(13) a voluntary uncompensated worker, other than a student, who renders services at the Minnesota school for the deaf or the Minnesota braille and sight-saving school, and whose services have been accepted or contracted for by the state board of education, as authorized by law, shall be an employee within the meaning of this subdivision. In the event of injury or death of *any such the* voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of *such the* injury or death for similar services in institutions where *such the services* are performed by paid employees.

In the event it is difficult to determine the daily wage as herein provided, then the trier of fact may determine the wage upon which the compensation is payable.

Sec. 29. Minnesota Statutes 1978, Section 176.011, Subdivision 15, is amended to read:

Subd. 15. [OCCUPATIONAL DISEASE.] "Occupational disease" means a disease arising out of and in the course of employment peculiar to the occupation in which the employee is engaged and due to causes in excess of the hazards ordinary of employment and shall include undulant fever. Ordinary diseases of life to which the general public is equally exposed outside of employment are not compensable, except where *such the* diseases follow as an incident of an occupational disease, or where the exposure peculiar to the occupation makes *such the* disease an occupational disease hazard. A disease arises out of the employment only if there be a direct causal connection between the conditions under which the work is performed and if the occupational disease follows as a natural incident of the work as a result of the exposure occasioned by the nature of the employment. An employer is not liable for compensation for any occupational disease which cannot be traced to the employment as a direct and proximate cause and is not recognized as a hazard characteristic of and peculiar to the trade, occupation, process, or employment or which results from a hazard to which the worker would have been equally exposed outside of the employment. If immediately preceding the date of his disablement or death, an employee was employed on active duty with an organized fire or police department of any municipality, as a member of the Minnesota highway patrol, conservation officer service, state crime bureau, *as a forest officer by the department of natural resources*, or sheriff or full time deputy sheriff of any county, and his disease is that of myocarditis, coronary sclerosis, pneumonia or its sequel, and at the time of his employment such employee was given a thorough physical examination by a licensed doctor of medicine, and a written report thereof has been made and filed with such organized fire or police department, with the Minnesota highway patrol, conservation officer service, state

crime bureau, *department of natural resources*, or sheriff's department of any county, which examination and report negatived any evidence of myocarditis, coronary sclerosis, pneumonia or its sequel, the disease is presumptively an occupational disease and shall be presumed to have been due to the nature of his employment.

Sec. 30. Minnesota Statutes 1978, Section 176.021, Subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of the 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 those of medical, burial, and other non-periodic benefits, payments shall be made as nearly as may be at the intervals when the wage was payable; provided, however, that payments for permanent partial disability *in cases in which return to work occurs prior to four weeks from the date of injury* shall be made by lump sum payment, and the provisions of section 176.165 shall not apply, without the necessity of any agreement, or order of the division, upon ~~termination~~ *cessation of the healing period, or as soon as such disability can be ascertained* payments for temporary total disability and upon the employee's return to work. *In cases in which return to work does not occur prior to four weeks after injury* payments for permanent partial disability shall be made according to the following schedule: 25 percent of the amount due after four weeks from the date of injury, 25 percent after eight weeks, 25 percent after 12 weeks and 25 percent after 16 weeks, provided that any and all payments remaining shall be paid upon the cessation of payments for temporary total disability and upon the employee's return to work. If doubt exists at such that time as to the eventual permanent partial disability, payment shall be then made for the minimum permanent partial disability ascertainable in lump sum, and further lump sum payment shall be made upon any later ascertainment of greater permanent partial disability. At the time of the tender of any such ~~the~~ lump sum payment, the employee and employer shall be furnished with a copy of the medical report upon which ~~such the~~ payment is based, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. Compensation for permanent partial disability is payable concurrently and in addition to compensation for temporary total disability and temporary partial disability as set forth in section 176.101, subdivisions 1 and 2, and for permanent total disability as defined in section 176.101, subdivision 5; and such compensation for permanent partial disability shall not be deferred pending completion of payment for temporary disability or permanent total disability, and no credit shall be taken for payment of permanent partial disability against liability for permanent total disability. Liability on the part of an employer or his 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

shall be payable accordingly. Permanent partial disability is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation. ~~In the event that an employee's death is not compensable under this chapter,~~ The right to receive *temporary total, temporary partial, a permanent partial or permanent total disability payment payments* shall vest in the injured employee or his dependents under this chapter or, if none, in his legal heirs at the time the disability can be ascertained and the right shall not be abrogated by the employee's death prior to the making of the payment.

Sec. 31. Minnesota Statutes 1978, Section 176.061, Subdivision 5, is amended to read:

Subd. 5. [CUMULATIVE REMEDIES.] Where an injury or death for which compensation is payable is caused under circumstances which created a legal liability for damages on the part of a party other than the employer, that party being then insured or self-insured in accordance with this chapter, and the provisions of subdivisions 1, 2, 3, and 4 do not apply, or the party other than the employer is not then insured or self-insured as provided by this chapter, legal proceedings may be taken by the employee or his dependents against the other party to recover damages, notwithstanding the payment by the employer or his liability to pay compensation. If the action against ~~such~~ *the* other party is brought by the injured employee or his dependents and a judgment is obtained and paid or settlement is made with the other party, the employer may deduct from the compensation payable by him the amount actually received by the employee or dependents in accordance with subdivision 6. If the action is not diligently prosecuted or if the court deems it advisable in order to protect the interests of the employer, upon application the court may grant the employer the right to intervene in any such action for the prosecution thereof. If the injured employee or his dependents agree to receive compensation from the employer or institute proceedings to recover the same or accept from the employer any payment on account of such compensation, the employer is subrogated to the rights of the employee or his dependents. This employer may maintain an action or continue an action already instituted. This action may be maintained in the name of the employee or the names of the dependents or in the name of the employer against ~~such~~ *the* other party for the recovery of damages. If the action is not diligently prosecuted by the employer or the court deems it advisable in order to protect the interest of the employee, the court, upon application, may grant to the employee or his dependents the right to intervene in the action for the prosecution thereof. The proceeds of ~~such~~ *the* action or settlement thereof shall be paid in accordance with subdivision 6. ~~Such~~ *The* party is not liable to any person other than the employee or his dependents for any damages resulting from the injury or death.

A co-employee working for the same employer is not liable for a personal injury incurred by another employee unless the injury

resulted from the gross negligence of the co-employee or was intentionally inflicted by the co-employee.

Sec. 32. Minnesota Statutes 1978, Section 176.081, Subdivision 5, is amended to read:

Subd. 5. In the determination of the reasonable value of attorney fees arising out of a claim or proceeding under this chapter, the following principles are to be applied:

(a) The fee in each individual case must be a reasonable one.

(b) There is no set standard fee to be awarded in any workers' compensation matter.

(c) No attorney-client fee contract or arrangement is binding in any workers' compensation matter.

(d) In determining a reasonable attorney fee, important factors to be taken into account are: the amount involved, the time and expense necessary to prepare for trial, the responsibility assumed by counsel, *the expertise of counsel in the workers' compensation field*, the difficulties of the issues involved, the nature of proof needed to be adduced and the results obtained. The amount of money involved shall not be the controlling factor.

(e) The determination of the fee in each specific workers' compensation matter must be done with the same care as the determination of any other fact question in the matter.

(f) The determiner of the attorney fee in each matter must ascertain whether or not a retainer fee has been paid to the attorney and if so, the amount of the retainer fee.

(g) The determiner of attorney fees in each case must personally see that the workers' compensation file contains fully adequate information to justify the fee that is determined.

Sec. 33. Minnesota Statutes 1978, Section 176.101, Subdivision 1, is amended to read:

176.101 [COMPENSATION SCHEDULE.] Subdivision 1. [TEMPORARY TOTAL DISABILITY.] For injury producing temporary total disability, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury subject to the following limitations:

(1) *provided that* during the year commencing on October 1, 1977 1979, and each year thereafter, commencing on October 1, the maximum weekly benefits payable shall be the statewide average weekly wage for the period ending December 31, of the preceding year.

(2) The minimum weekly compensation benefits for temporary total disability shall be not less than 50 percent of the statewide average weekly wage or the injured employee's actual weekly wage, whichever is less. In no case shall a weekly benefit be less than 20 percent of the statewide average weekly wage.

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.

Sec. 34. Minnesota Statutes 1978, Section 176.101, Subdivision 3, is amended to read:

Subd. 3. [PERMANENT PARTIAL DISABILITY.] For the permanent partial disability from the loss of a member the compensation for total disability during the healing period shall be as stated in subdivision 1. For partial disability during the healing period the compensation shall be as stated in subdivision 2. The healing period shall not exceed 104 weeks. Thereafter and in addition thereto, compensation shall be that named in the following schedule, subject to a maximum compensation equal to the state-wide weekly wage:

(1) For the loss of a thumb, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 65 weeks;

(2) For the loss of a first finger, commonly called index finger, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 40 weeks;

(3) For the loss of a second finger, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 35 weeks;

(4) For the loss of a third finger, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 25 weeks;

(5) For the loss of a fourth finger, commonly called the little finger, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 20 weeks;

(6) The loss of the first phalange of the thumb or of any finger, is considered equal to the loss of one-half of the thumb or finger and compensation shall be paid at the prescribed rate during one-half the time specified for the loss of the thumb or finger;

(7) The loss of one and one-half or more phalanges is considered equal to the loss of the entire finger or thumb; but in no case shall the amount received for more than one finger exceed the amount provided in this schedule for the loss of a hand;

(8) For the loss of a great toe, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 35 weeks;

(9) For the loss of a toe other than a great toe, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 15 weeks;

(10) The loss of the first phalange of any toe is considered equal to the loss of one-half of the toe, and compensation shall be paid at the prescribed rate during one-half the time specified for the loss of the toe;

(11) The loss of one and one-half or more phalanges is considered equal to the loss of the entire toe;

(12) For the loss of a hand, not including the wrist movement, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 195 weeks;

(13) For the loss of a hand, including the wrist movement, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 220 weeks;

(14) For the loss of an arm, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 270 weeks;

(15) Amputation of the arm below the elbow is considered the loss of a hand, including wrist movement, if enough of the forearm remains to permit the use of an effective artificial member, otherwise it is considered the loss of an arm;

(16) For the loss of a foot, not including ankle movement, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 140 weeks;

(17) For the loss of a foot, including ankle movement, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 165 weeks;

(18) For the loss of a leg, if enough of the leg remains to permit the use of an effective artificial member, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 195 weeks;

(19) For the loss of a leg so close to the hip that no effective artificial member can be used, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 220 weeks;

(20) Amputation of a leg below the knee is considered as equal to the loss of a foot, including ankle movement, if enough of the lower leg remains to permit the use of an effective artificial member, otherwise it is considered as equal to the loss of a leg;

(21) For the loss of an eye, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 160 weeks;

(22) For the complete permanent loss of hearing in one ear, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 85 weeks;

(23) For the complete permanent loss of hearing in both ears, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 170 weeks;

(24) For the loss of an eye and a leg, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 475 weeks;

(25) For the loss of an eye and an arm, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 475 weeks;

(26) For the loss of an eye and a hand, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 450 weeks;

(27) For the loss of an eye and a foot, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 400 weeks;

(28) For the loss of two arms, other than at the shoulder, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(29) For the loss of two hands, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(30) For the loss of two legs, other than so close to the hips that no effective artificial member can be used, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(31) For the loss of two feet, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(32) For the loss of one arm and the other hand, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(33) For the loss of one hand and one foot, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(34) For the loss of one leg and the other foot, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(35) For the loss of one leg and one hand, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(36) For the loss of one arm and one foot, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(37) For the loss of one arm and one leg, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(38) For loss of the voice mechanism, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(39) For head injuries ~~resulting in permanent partial disability~~, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury for that proportion of 500 weeks which is represented by ~~the its~~ *its* percentage of ~~such the~~ *the* permanent partial disability to the entire body as is determined from competent testimony ~~adduced~~ *adduced* at a hearing before a compensation judge, a *the* commissioner, or the ~~board~~ *board* workers' compensation court of appeals;

(40) For permanent partial disability resulting from injury to any internal organ, ~~including the heart until such time as the commissioner of labor and industry shall promulgate a schedule of internal organs and thereafter for internal organs covered by the schedule of internal organs established by the commissioner of labor and industry~~, 66 $\frac{2}{3}$ percent of the daily wage at time of injury for that proportion of 500 weeks as determined by the commissioner of labor and industry, not to exceed 500 weeks, which is the proportionate amount of permanent partial disability caused to the entire body by the injury ~~and as is determined from competent testimony adduced at a hearing before a compensation judge, a the commissioner, or the workers' compensation court of appeals~~;

(41) For disfigurement or scarring not resulting from the loss of a member or other injury specifically compensated, affecting the employability or advancement opportunity of the injured person in the employment in which he was injured or other employment for which the employee is then qualified or for which the employee has become qualified, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during ~~such the~~ *such the* period as ~~the parties agree to or the compensation judge or the workers' compensation court of appeals~~ *the parties agree to or the compensation judge or the workers' compensation court of appeals* in cases on appeal determines, not beyond ~~exceeding~~ *exceeding* 90 weeks;

(42) For permanent partial disability resulting from injury to the back, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury for that proportion of 350 weeks which is represented by the percentage of such *the* permanent partial disability as is determined from competent testimony adduced at a hearing before a compensation judge, a *the* commissioner, or the workers' compensation court of appeals;

(43) When an employee sustains concurrent injuries resulting in concurrent disabilities he shall receive compensation only for the injury which entitled him to the largest amount of compensation, but this does not affect liability for disfigurement affecting the employability of the injured person or liability for the concurrent loss of more than one member, for which members compensations are provided in the specific schedule and in subdivision 5;

(44) In all cases of permanent partial disability it is considered that the permanent loss of the use of a member is equivalent to and draws the same compensation as the loss of that member, but the compensation in and by this schedule provided shall be in lieu of all other compensation in such *these* cases, except as otherwise provided by this section;

In the event a worker has been awarded, or is entitled to receive, a compensation for loss of use of a member under any workers' compensation law, and thereafter sustains a loss of such *the* member under circumstances entitling him to compensation therefor under the workers' compensation act, as amended *this subdivision*, the amount of compensation awarded, or that he is entitled to receive, for such *the* loss of use, is to be deducted from the compensation due under the schedules of this section for the loss of such *the* member, provided, that the amount of compensation due for the loss of the member caused by the subsequent accident is in no case less than 25 percent of the compensation payable under the schedule of this section for the loss of such *the* member;

(45) In cases of permanent partial disability due to injury to a member, resulting in less than total loss of the member, not otherwise compensated in this schedule, compensation shall be paid at the prescribed rate during that part of the time specified in the schedule for the total loss of the member which the extent of the injury to the member bears to its total loss;

(46) In cases of permanent partial disability caused by simultaneous injury to two or more members, the applicable schedules in this subdivision shall be increased by 15 percent. This clause shall not apply when the injuries are compensated under paragraphs 22 to 37 inclusive, of this subdivision. In cases of partial disability due to injury to both eyes resulting in less than total loss of vision in one or both eyes compensation shall be paid at the prescribed rate during that part of 450 weeks which the extent of the combined injury to both eyes bears to the complete loss of industrial vision;

(47) The commissioner of ~~the department~~ of labor and industry

with the workers' compensation court of appeals may make or revise rules for the determination of the extent of the impairment of the industrial use of one or both eyes taking into account all primary coordinate factors of vision. These rules shall be made or revised after consultation with experts on industrial vision and after public notice to and hearing of interested parties;

(48) For permanent partial disability resulting from injury to the body as a whole due to burns, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury, for that proportion of 350 weeks which is represented by the percentage of such *the* permanent partial disability as is determined from competent testimony adduced at a hearing before a compensation judge, a *the* commissioner, or the workers' compensation court of appeals, said *the* compensation to be paid in addition to such *the* compensation as employee would otherwise be entitled to for loss of use of a member in accordance with this section;

(49) In all cases of permanent partial disability not enumerated in this schedule the compensation shall be 66 $\frac{2}{3}$ percent of the difference between the daily wage of the worker at the time of the injury and the daily wage he is able to earn in his partially disabled condition, subject to a maximum equal to the statewide average weekly wage, and continue during disability, not to exceed 350 weeks; and if the employer does not furnish the worker with work which he can do in his permanently partially disabled condition and he is unable to secure such work with another employer after a reasonably diligent effort, the employee shall be paid at his or her maximum rate of compensation for total disability.

Sec. 35. Minnesota Statutes 1978, 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 $\frac{2}{3}$ percent of the daily 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 such *the* disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. Such *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 his confinement in such *the* institution, unless he has wholly dependent on him for support some person named in section 176.111, subdivisions 1, 2 or 3, in which case the compensa-

tion provided for in section 176.111, during the period of such confinement, shall be paid for the benefits benefit of such the dependent person during dependency. The dependency of such persons this person shall be determined as though the employee were deceased.

Sec. 36. [176.102] [REHABILITATION.] *Subdivision 1. [SCOPE.] Vocational rehabilitation shall train an employee so he may be returned to a job related to his former employment or to a job in another work area which produces an economic status as close as possible to that he would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability would be permitted if it can be demonstrated such higher 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.*

Subd. 2. [ADMINISTRATORS.] The commissioner of labor and industry shall hire a director of rehabilitation services who shall be in the classified service. The commissioner of labor and industry shall be responsible for supervising rehabilitation services, including the selection and delivery of services. The commissioner of labor and industry may hire qualified personnel to assist in his duties under this section and may delegate his duties and performance.

Subd. 3. [REVIEW PANEL.] There is created a rehabilitation review panel composed of the commissioner of labor and industry or his designee, who shall serve as an ex officio member and two members each from labor, employers, insurers, vocational rehabilitation, and medicine and one member representing chiropractors. The members shall be appointed by the governor 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 chairman. The panel shall (a) review and make a determination with respect to appeals regarding rehabilitation plans; (b) hold revocation of certification approval hearings; (c) continuously study rehabilitation; and (d) recommend rehabilitation rules as necessary to the commissioner of labor and industry. A majority vote of those attending a panel hearing under subdivision 6 shall constitute the decision of the board.

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT.] Within 30 days of the time an employer or his insurer has medical information that an employee is unable due to a personal injury or occupational disease to return to his preinjury occupation the employer shall provide rehabilitation consultation for the employee. The employee, however, shall have the final decision on which rehabilitation agency is to be utilized pursuant to the provisions of this section. The consultation shall be done by any person or public or private institution approved by the commissioner of labor and industry. If the consultant determines rehabilitation would significantly reduce or eliminate the decrease in employability, the employer or insurer in conjunction with the rehabilitation consultant

shall submit a specific plan of rehabilitation to the commissioner. If the employer does not provide rehabilitation consultation, when required by this section, within the time specified by this subdivision, the commissioner of labor and industry shall notify the employer and insurer that should they fail to provide rehabilitation consultation within 15 days from the receipt of the commissioner's notice, the division of vocational rehabilitation shall be authorized to provide the rehabilitation consultation for the employee. If the employee refuses to submit to any reasonable examinations and evaluative procedures to determine the need for and the details of a plan of rehabilitation, the amount of compensation may be reduced or the right to compensation may be suspended by an order of the division or workers' compensation court of appeals in a matter before it. In developing a plan, consideration should be given to the employee's age, education, previous work history, interests and skills.

Subd. 5. [ON THE JOB TRAINING.] On the job training is to be given consideration in developing a rehabilitation plan especially where it would produce an economic status similar to that enjoyed prior to disability. When a rehabilitation plan includes on the job training, the employee shall receive compensation while employed in an amount equal to the after tax wage the employee received at the time of the personal injury. This compensation shall be paid in whole or in part by the insurer liable for compensation for the employee's personal injury. The amount of compensation to be paid by this insurer shall be determined in the rehabilitation plan prepared pursuant to this section. Any difference between the amount of compensation the insurer is paying and the after tax wage the employee received at the time of the personal injury shall be paid by the on the job employer, but in no case shall this employer's amount exceed the prevailing wage for the job. After tax wage shall be determined by subtracting federal and state income tax from the employee's gross wage.

A rehabilitation plan which includes on the job training shall attempt to create an incentive for an employer to hire the employee for on the job training. This incentive may be in the form of reducing the on the job training employer's wages paid to the employee to a level which is less than the prevailing wage for the job, provided that the total compensation from the insurer, required by this section, and the wages paid by the on the job training employer is not less than the after tax wage received by the employee at the time of the personal injury. The compensation from the insurer and the on the job training employer paid pursuant to this subdivision is in lieu of temporary total disability payments and the additional compensation provided in subdivision 11.

Subd. 6. [PLAN, APPROVAL.] The commissioner of labor and industry shall approve or reject rehabilitation plans. Any persons aggrieved by a decision of the commissioner may appeal to the rehabilitation panel within 30 days of the commissioner's decision. The decision of the panel may be appealed to the workers' com-

compensation court of appeals. The panel may approve or reject the decision of the commissioner. If it rejects the commissioner's decision it may formulate its own rehabilitation plan.

Subd. 7. [PLAN IMPLEMENTATION; REPORTS.] Upon request by the commissioner, insurer or employer, reports shall be made by the provider of the rehabilitation service to the commissioner of labor and industry, insurer and employer of an employee's progress under a plan.

Subd. 8. [PLAN MODIFICATION.] Upon request of the employer, the insurer, or employee to the commissioner, the plan may be suspended, terminated or altered upon a showing of good cause therefor, including:

(a) a physical impairment that does not allow the employee to pursue the vocation being trained for;

(b) the employee's performance level indicates he cannot complete the plan successfully; or

(c) an employee does not cooperate with a plan.

An employee may request a change in a rehabilitation plan once because he feels he is not suited for the type of work for which training is being provided if the request is made within 90 days of the start of the plan. Any decision of the commissioner regarding a change in a plan may be appealed to the panel within 15 days of the decision.

Subd. 9. [PLAN, COSTS.] An employer is liable for the following rehabilitation expenses under this section:

(a) Cost of vocational rehabilitation diagnosis 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 and travel; and, in addition, reasonable cost of board and lodging when rehabilitation requires residence away from the employee's customary residence; and

(d) Any other expense agreed to be paid.

Subd. 10. [REHABILITATION; CONSULTANTS.] The commissioner shall approve rehabilitation consultants who may propose and implement plans if they satisfy rules promulgated by the commissioner for rehabilitation consultants. A consultant may be an individual or public or private entity.

Subd. 11. [COMPENSATION DURING RETRAINING.] The insurer or employer shall pay up to 156 weeks of compensation during rehabilitation under a plan in an amount equal to 125 percent of the employee's rate for temporary total disability. This payment shall be in lieu of payment for temporary total, temporary partial, or permanent total disability to which the employee might

otherwise be entitled for this period under this chapter, but shall be considered to be the equivalent of temporary total disability for the purposes of section 176.132. If on the job training is part of the rehabilitation program, the weeks during which the insurer or employer pays compensation pursuant to subdivision 5 shall be subtracted from the 156 weeks of retraining compensation which has been paid, if any, pursuant to this subdivision. Subdivision 11 shall not apply to retraining benefits for which liability has been established prior to the effective date of this subdivision.

Subd. 12. [RULES.] The commissioner shall promulgate rules necessary to implement this section including rules relating to qualifications necessary to be an approved rehabilitation consultant.

Sec. 37. Minnesota Statutes 1978, Section 176.111, Subdivision 1, is amended to read:

176.111 [DEPENDENTS, ALLOWANCES.] Subdivision 1. [PERSONS WHOLLY DEPENDENT, PRESUMPTION.] For the purposes of this chapter the following persons are conclusively presumed to be wholly dependent:

(a) *wife spouse*, unless it be shown that *she was the spouse and decedent were voluntarily living apart from her husband* at the time of *his the* injury or death;

(b) children under 18 years of age, or a child under the age of 21 25 years who is regularly attending as a full time student at a high school, college, or university, or regularly attending as a full time student in a course of vocational or technical training.

Sec. 38. Minnesota Statutes 1978, Section 176.131, Subdivision 3, is amended to read:

Subd. 3. To entitle the employer to secure reimbursement from the special compensation fund, the following provisions must be complied with:

(a) Provisions of section 176.181, subdivisions 1 and 2.

(b) The employee with a pre-existing physical impairment must have been registered with the commissioner of the department of labor and industry prior to the employee's personal injury or *within 180 days after notice of the employee's personal injury is received by the employer. Registration subsequent to the injury shall be based on a medical report made prior to the injury indicating the pre-existing physical impairment.*

Sec. 39. Minnesota Statutes 1978, Section 176.131, is amended by adding a subdivision to read:

Subd. 1a. If an employee is employed in an on-the-job retraining program pursuant to section 36 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 retraining program, the on the job training employer shall pay the medical expenses and compensation required by this chapter, but shall be

reimbursed from the special compensation fund for the compensation and medical expense that is attributable to the aggravated injury. The employer, at the time of the personal injury for which the employee has been certified for retraining, is liable for the portion of the disability that is attributable to that injury.

Sec. 40. Minnesota Statutes 1978, Section 176.131, Subdivision 10, is amended to read:

Subd. 10. The special compensation fund is created for the purposes provided in this chapter in the following manner:

(1) In every case of death of an employee resulting from personal injury arising out of and in the course of his employment where there are no persons entitled to monetary benefits of dependency compensation, the employer shall pay to the commissioner of the department of labor and industry the sum of \$5,000 for the benefit of the special compensation fund; in every case of death of an employee resulting from personal injury arising out of and in the course of his employment where there are no persons entitled to at least \$5,000 in monetary benefits of dependency compensation, the employer shall pay to the commissioner of the department of labor and industry for the benefit of the special compensation fund the difference between the amounts actually paid for such *the* dependency benefits and \$5,000; but in no event shall the employer pay the commissioner of the department of labor and industry less than \$1,000;

(2) When an employee shall ~~suffer~~ *suffers* a personal injury which results in permanent partial disability, temporary total disability, temporary partial disability, permanent total disability or death and which entitles him or dependents to compensation under sections 176.101 or 176.111, the employer shall in addition to compensation provided therein, pay to the commissioner of the department of labor and industry for the benefit of the special compensation fund a lump sum without interest deduction equal to seven percent of such *the* total compensation, as soon as the amount payable for the particular injury is determined, or arrived at by agreement of the parties and such *the* amount is approved by the commissioner of the department of labor and industry.

The provisions of clauses (1) and (2) shall apply to all workers' compensation payments, exclusive of medical costs, paid under sections 176.101 and 176.111 for all injuries or death occurring on or after June 1, 1971.

Personal injuries that occurred prior to June 1, 1971 shall be assessed at the rate in effect on the date of occurrence.

The seven percent of the total compensation required to be paid by the employer to the commissioner of the department of labor and industry for the benefit of the special compensation fund as provided in clause (2) of this subdivision shall remain fixed at said seven percent for the period from June 1, 1971, to June 1, 1972. Effective June 1, 1972, through June 1, 1975, and thereafter on January 1, beginning in 1976, the rate shall be adjusted on the following basis: if the balance in the special compensation fund as

of April 30 in any year through 1975 and as of September 30, 1975, and each September 30 thereafter, is below \$1,000,000, the rate of payment shall be increased by two percent over the then prevailing rate. If the balance is at least \$1,000,000 but below \$1,500,000, the rate will be increased by one percent. If the balance is at least \$1,500,000 but below \$2,000,000, there shall be no change. If the balance is at least \$2,000,000 but less than \$2,500,000, the rate shall be decreased by one percent. If the balance is at least \$2,500,000, the rate shall be decreased by two percent. If the balance is \$3,000,000 or more the commissioner of the department of labor and industry shall within 30 days determine the percent of decrease, which shall be not less than two percent nor more than five percent.

Such Sums as are paid to the commissioner of the department of labor and industry pursuant to the provisions hereof, shall be by it deposited with the state treasurer for the benefit of the special compensation fund and be used to pay the benefits provided by chapter 176. All money heretofore arising from the provisions of this section or similar law shall be transferred to this special compensation fund. *Any interest or profit accruing from investment of these sums shall be credited to the special compensation fund.*

The state treasurer shall be the custodian of this special fund and the workers' compensation division and the workers' compensation court of appeals in cases before it shall direct the distribution thereof, the same to be paid as other payments of compensation are paid. In case deposit is or has been made under the provisions of clause (1) and dependency later is shown, or if deposit is or has been made pursuant to either clause (1) or (2) by mistake or inadvertence, or under such circumstances that justice requires a refund thereof, the state treasurer is hereby authorized to refund such the deposit under order of the workers' compensation division or the workers' compensation court of appeals. There is appropriated to the persons entitled to such the refunds from the fund an amount sufficient to make the refund and payment.

Costs within the department of labor and industry for the accounting and legal procedures necessary for administration of the programs financed by the special compensation fund shall be paid from the moneys biennially appropriated to the department and not from the special compensation fund.

Sec. 41. Minnesota Statutes 1978, 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 the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or subdivision 4, and 69 65 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 60 65 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.

(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 60 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 he is eligible under other governmental disability programs due to the provisions of 42 U.S.C. 424a (d), this reduction shall not apply.

Sec. 42. [176.1321] [EFFECTIVE DATE OF BENEFIT CHANGES.] *Unless otherwise specified in the act making the change, any workers' compensation benefit change shall be effective on the October 1 next following its final enactment.*

Sec. 43. [176.134] [REOPENED CASE FUND.] *Subdivision 1. [CREATED.] The commissioner of labor and industry shall assess insurers and self-insured employers the amount determined as necessary by the commissioner of insurance pursuant to section 14 and shall deposit these assessments with the state treasurer for the benefit of a special account to be known as the reopened case fund.*

Interest or profit arising from investment of the reopened case fund shall be credited to the reopened case fund, and any loss from investment shall be borne by it.

Subd. 2. [LIABILITY.] When a claim for compensation is made pursuant to this chapter by an employee or a claim for death benefits is made pursuant to this chapter on behalf of the dependents of a deceased employee after seven years from the date of the personal injury or death, and no compensation has previously been paid for the injury or death, the claim shall be against and paid from the reopened case fund.

If compensation has previously been paid for the personal injury

or death for which compensation is being claimed, the claim shall be against and paid from the reopened case fund only if the claim is made after seven years from the date of injury or death or after three years from the date of last payment or compensation, whichever is later.

Subd. 3. [LAST PAYMENT OF COMPENSATION.] For the purposes of this section, the date of the last payment of compensation is the date of actual payment of the last installment of previously awarded compensation, except that when compensation was paid in a lump sum, the date of the last payment of compensation is the date to which the lump sum payment would have extended if the payments had been made in regular weekly intervals.

Subd. 4. [ADMINISTRATION.] The commissioner of labor and industry shall administer the reopened case fund.

Subd. 5. The reopened case fund is liable for injuries which occur after the effective date of this section.

Sec. 44. Minnesota Statutes 1978, Section 176.135, is amended by adding a subdivision to read:

Subd. 1a. [NON-EMERGENCY SURGERY; SECOND SURGICAL OPINION.] The employer is required to furnish surgical treatment pursuant to subdivision 1 only after the employee has obtained two surgical opinions concerning whether the surgery is reasonably required to cure and relieve the effects of the personal injury or occupational disease. If at least one of the opinions affirms that the surgery is reasonably required, the employee may choose to undergo the surgery at the employer's expense. A second surgical opinion is not required in cases of emergency surgery or when the employer and employee agree that the opinion is not necessary.

Sec. 45. Minnesota Statutes 1978, Chapter 176, is amended by adding a section to read:

[176.136] [MEDICAL FEE REVIEW.] The commissioner of labor and industry shall by rule establish procedures for determining whether 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. If the commissioner determines that the charge for a health service is excessive, he may limit payment to the reasonable charge for that service; however, the commissioner shall by rule establish procedures allowing for a provider to appeal such determination. The commissioner may contract with a review organization as defined in section 145.61 in making any determinations as to whether or not a charge is excessive.

Sec. 46. [176.139] [NOTICE OF RIGHTS POSTED.] A notice, in form approved by the commissioner of labor and industry, shall be posted in a conspicuous place at each place of employment, advising employees of their rights and obligations under chapter

176, assistance available to them, and the operation of the workers' compensation system.

Sec. 47. Minnesota Statutes 1978, Section 176.141, is amended to read:

176.141 [NOTICE OF INJURY.] Unless the employer has actual knowledge of the occurrence of the injury or unless the injured worker, or a dependent or someone in behalf of either, gives written notice thereof to the employer within 14 days after the occurrence of the injury, then no compensation shall be due until ~~such~~ the notice is given or knowledge obtained. If the notice is given or the knowledge obtained within 30 days from the occurrence of the injury, no want, failure, or inaccuracy of a notice shall be a bar to obtaining compensation unless the employer shows that he was prejudiced by such want, defect, or inaccuracy, and then only to the extent of ~~such~~ the prejudice. If the notice is given or the knowledge obtained within 180 days, and if the employee or other beneficiary shows that his failure to give prior notice was due to his mistake, inadvertence, ignorance of fact or law, or inability, or to the fraud, misrepresentation, or deceit of the employer or his agent, then compensation may be allowed, unless the employer shows that he was prejudiced by failure to receive ~~such~~ the notice, in which case the amount of compensation shall be reduced by ~~such~~ a sum as *which* fairly represents the prejudice shown. Unless knowledge is obtained or written notice given within 180 days after the occurrence of the injury no compensation shall be allowed, *except that an employee who is unable, because of mental or physical incapacity, to give notice to the employer within 180 days from the injury shall give the prescribed notice within 180 days from the time the incapacity ceases.*

Sec. 48. Minnesota Statutes 1978, Section 176.155, Subdivision 2, is amended to read:

Subd. 2. [NEUTRAL PHYSICIAN.] In each case of dispute as to the injury the commissioner of ~~the department~~ of labor and industry, or in case of a hearing the compensation judge conducting the hearing, or the workers' compensation court of appeals if the matter is before it, may upon its own or his own motion, or upon request of any interested party, made in compliance with the rules of the commissioner of ~~the department~~ of labor and industry and the workers' compensation court of appeals regulating the proper time and forms for such request, designate a neutral physician of *good standing and ability from the list of neutral physicians developed by the commissioner of labor and industry* to make an examination of the injured worker and report his findings to the commissioner of ~~the department~~ of labor and industry, compensation judge, or the workers' compensation court of appeals, as the case may be ; *provided that when an interested party requests, not later than 90 days prior to a scheduled prehearing conference, that a neutral physician be designated, the compensation judge shall make such a designation. When a party has requested the designation of a neutral physician prior to a prehearing conference, that party may withdraw the request at any time prior to the hearing. The commissioner of the depart-*

ment of labor and industry, compensation judge, or the workers' compensation court of appeals, as the case may be, may request the neutral physician to answer any particular question with reference to the medical phases of the case, including questions calling for an opinion as to the cause and occurrence of the injury insofar as medical knowledge is relevant in ~~such the~~ answer. A copy of the signed certificate of ~~such the~~ neutral physician shall be mailed to the parties in interest and either party, within five days from date of mailing, may demand that ~~such the~~ physician be produced for purposes of cross-examination. ~~Such The~~ signed certificate of a neutral physician is competent evidence of the facts stated therein. The expense of ~~such the~~ examination shall be paid as ordered by the commissioner of ~~the department~~ of labor and industry, compensation judge, or the workers' compensation court of appeals.

The commissioner of labor and industry shall develop and maintain a list of neutral physicians available for designation pursuant to this subdivision or section 176.391, subdivision 2.

Sec. 49. Minnesota Statutes 1978, Section 176.179, is amended to read:

176.179 [PAYMENTS OF COMPENSATION RECEIVED IN GOOD FAITH.] Notwithstanding section 176.521, subdivision 3, or any other provision of this chapter to the contrary, *except as provided in this section*, no lump sum or weekly payment, or settlement, which is voluntarily paid to an injured employee or the survivors of a deceased employee in apparent or seeming accordance with the provisions of this chapter by an employer or insurer, or is paid pursuant to an order of the workers' compensation division or court of appeals relative to a claim by an injured employee or his survivors, and received in good faith by the employee or his survivors shall be refunded to the paying employer or insurer in the event that it is subsequently determined that ~~such 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 credit against future benefit entitlement; provided, however, that the credit applied against further payments of temporary total disability, temporary partial disability, permanent total disability, retraining benefits or death benefits shall not exceed 20 percent of the amount that would otherwise be payable.*

Sec. 50. Minnesota Statutes 1978, Section 176.181, Subdivision 2, is amended to read:

Subd. 2. [COMPULSORY INSURANCE; SELF-INSURERS.] (1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of ~~such~~ compensation with some insurance carrier authorized to insure ~~such workers' compensation~~ liability in this state, or obtain a written order from the commissioner of ~~labor and industry~~ insurance exempting ~~such the~~ employer from insuring his liability for compensation and permitting him to self-insure ~~such~~

the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 15. The commissioner may also allow as he deems appropriate shall also adopt, pursuant to clause (2) (c) of this subdivision, rules permitting two or more employers in the same industry to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of labor and industry insurance, any employer may exclude medical, chiropractic and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure such the other portion of his operations which may be determined by the commissioner of labor and industry insurance to be a distinct and separate risk. An employer desiring to be exempted from insuring his liability for compensation shall make application to the commissioner of labor and industry insurance, showing his financial ability to pay such the compensation, whereupon by written order the commissioner of labor and industry insurance may make such an exemption as it he deems proper. The commissioner of labor and industry insurance may require further statements of financial ability of the employer to pay compensation. Upon ten days written notice the commissioner of labor and industry insurance may revoke his order granting such an exemption, in which event the employer shall immediately insure his liability. As a condition for the granting of an exemption the commissioner of labor and industry insurance may require the employer to furnish such security as it the commissioner considers sufficient to insure payment of all claims under this chapter. If the required security is in the form of currency or negotiable bonds, the commissioner of labor and industry insurance shall deposit same it with the state treasurer. In the event of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to such the self-insurer, the commissioner of labor and industry insurance may by written order to the state treasurer require him to sell the pledged and assigned securities or such a part thereof as is necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When such securities are sold the money so obtained shall be deposited in the state treasury to the credit of the commissioner of labor and industry insurance and awards made against any such self-insurer by the commissioner of labor and industry insurance shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of labor and industry insurance and approved by the commissioner of finance out of the proceeds of the sale of such securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of labor and industry insurance, at any time, upon at least ten days notice and opportunity to be heard, may require

the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2) (a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed to do so by the commissioner of insurance. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of insurance is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of insurance may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of insurance.

(c) To carry out the purposes of this subdivision, the commissioner of insurance may promulgate administrative rules, including emergency rules, pursuant to sections 15.0411 to 15.052. These rules may:

(1) establish reporting requirements for administrators of group self-insurance plans;

(2) establish standards and guidelines to assure the adequacy of the financing and administration of group self-insurance plans;

(3) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;

(4) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(5) establish standards or guidelines governing the formation, operation, administration and dissolution of self-insurance plans; and

(6) establish other reasonable requirements to further the purposes of this subdivision.

Sec. 50A. Minnesota Statutes 1978, Section 176.181, is amended by adding a subdivision to read:

Subd. 5. A political subdivision or association of political subdivisions which is self insured, may be indemnified by the special compensation fund for payments for which the political subdivision or association is liable under chapter 176. This indemnification

shall be made only if all other assets together with the interest earned thereon which have been contributed by the subdivision pursuant to rules adopted by the commissioner of insurance as provided for in this section have been exhausted.

The state treasurer, as custodian of the fund, shall have a cause of action of all moneys paid out or to be paid out if the political subdivisions or association of subdivisions fail to meet a repayment schedule which he establishes at the time the request for indemnification is granted.

Sec. 51. Minnesota Statutes 1978, Section 176.191, is amended to read:

176.191 [DISPUTE BETWEEN TWO OR MORE EMPLOYERS OR INSURERS REGARDING LIABILITY.] *Subdivision 1. Where compensation benefits are payable under this chapter, and a dispute exists between two or more employers or two or more insurers as to which is liable for payment, the commissioner of the department of labor and industry, compensation judge, or workers' compensation court of appeals upon appeal may direct that one or more of the employers or insurers make payment of the benefits pending a determination of liability.*

When liability has been determined, the party held liable for the benefits shall be ordered to reimburse any other party for payments which the latter has made, including interest at the rate of five percent per annum a year. The claimant may also be awarded a reasonable attorney fee, to be paid by the party held liable for the benefits.

An order directing payment of benefits pending a determination of liability may not be used as evidence before any commissioner, a compensation judge, the workers' compensation court of appeals, or court in which the dispute is pending.

Subd. 2. Where compensation benefits are payable under this chapter, and a dispute exists between two or more employers or two or more insurers as to which is liable for payment, the commissioner of labor and industry may authorize the special compensation fund established in section 176.131 to make payment of the benefits pending a determination of liability.

The personal injury for which the commissioner may order compensation from the special fund is not limited by section 176.131, subdivision 8.

When liability has been determined, the party held liable for benefits shall be ordered to reimburse the special compensation fund for payments made, including interest at the rate of 12 percent a year.

Subd. 3. If a dispute exists as to whether an employee's injury is compensable under this chapter and the employee is otherwise covered by an insurer pursuant to chapters 62A, 62C and 62D, that insurer shall pay any medical costs incurred by the employee for the injury. If the injury is subsequently determined to be

compensable pursuant to this chapter, the workers' compensation insurer shall be ordered to reimburse the insurer that made the payments for all medical payments made by the insurer for the injury, including interest at a rate of 12 percent a year.

If the employee's medical expenses for a personal injury are paid pursuant to any program administered by the commissioner of public welfare and it is subsequently determined that the injury is compensable pursuant to this chapter, the workers' compensation insurer shall reimburse the commissioner of public welfare for the medical expenses paid and attributable to the personal injury, including interest at a rate of 12 percent a year.

Sec. 52. Minnesota Statutes 1978, Section 176.221 is amended to read:

176.221 [PAYMENT OF COMPENSATION AND TREATMENT CHARGES, COMMENCEMENT.] Subdivision 1. [DENIAL OF LIABILITY, REQUEST FOR EXTENSION OF TIME.] Within 30 days from the date of notice to or knowledge by the employer of an injury compensable under the chapter, and unless within that 30 day period the employer or the insurer files with the commissioner of the department of labor and industry a denial of liability or a request for an extension of time within which to determine liability, the person responsible for payment of compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 36* shall begin payment of compensation or *charges for treatment*.

Subd. 2. [GRANT OF EXTENSION.] Upon application made within the 30 day period referred to in subdivision 1, the commissioner of the department of labor and industry may grant an extension of time within which to determine liability. The extension shall not exceed 30 days.

Subd. 3. [PAYMENTS TO SPECIAL COMPENSATION FUND.] Where an employer or insurer fails to begin payment of compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 32*, or to file a denial of liability, or to request an extension of time within the 30 day period referred to in subdivision 1, he shall pay to the special compensation fund an amount equal to the total amount of compensation to which the employee is entitled because of the injury. In addition, each day subsequent to the end of the 30 day period and until a compensation payment is made to the injured employee, the person responsible for payment of compensation shall pay to the special compensation fund an amount equal to the total compensation to which injured employee is entitled.

Subd. 4. [FAILURE TO MAKE PAYMENTS AFTER EXTENSION.] Where an employer or insurer has been granted an extension of time within which to determine liability and fails to begin payment of compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 36* or to file a denial of liability within such extended period, he shall make the payments provided in subdivision 3.

Subd. 5. [DOUBLE PAYMENTS TO SPECIAL COMPENSATION FUND.] Where an employer or insurer has failed to make the payments required by subdivision 3 or subdivision 4 within 60 days from the end of the 30 day period or the extended period, the division may require him to pay to the special compensation fund, each day subsequent to the end of the period and until a compensation payment is made to the injured employee, a sum equal to double the total amount of compensation to which the employee is entitled because of the injury. In addition, the person responsible for compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 36* shall pay to the special compensation fund an amount equal to the total amount of compensation to which the employee is entitled.

Subd. 6. [ASSESSMENT OF PENALTIES.] The division shall assess the penalty payments provided for by subdivisions 3 to 5 against either the employer or the insurer depending upon to whom the delay is attributable in making payment of compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 36*. The insurer is not liable for a penalty payment assessed against the employer.

Subd. 7. [INTEREST.] Any payment of compensation, *charges for treatment under section 176.135 or retraining expenses under subdivision 9 of section 36* not made when due shall bear interest at the rate of eight percent per annum from the due date to the date the payment is made.

Sec. 53. Minnesota Statutes 1978, Section 176.231, Subdivision 1, is amended to read:

176.231 [REPORT OF DEATH OR INJURY TO COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY.] Subdivision 1. [TIME LIMITATION.] Where death or serious injury occurs to an employee during the course of employment, the employer shall report the *same injury or death* to the commissioner of the ~~department of labor and industry and insurer~~ within 48 hours after its occurrence. Where any other injury occurs which wholly or partly incapacitates the employee from performing labor or service for three days or longer, the employer shall report the injury to the commissioner of the ~~department of labor and industry and insurer~~ within 15 days from its occurrence. Where an injury has once been reported but subsequently death ensues, the employer shall report the death to the commissioner of the ~~department of labor and industry and insurer~~ within 48 hours after he receives notice of ~~such~~ *this* fact.

Sec. 54. Minnesota Statutes 1978, Section 176.231, Subdivision 2, is amended to read:

Subd. 2. [INITIAL REPORT, WRITTEN REPORT.] Where subdivision 1 requires an injury to be reported within 48 hours, the employer may make his initial report by telephone, telegraph, or personal notice, and file a written report of the injury within seven days from its occurrence or within such time as the commissioner of the ~~department of labor and industry~~ designates. All written reports of injuries *required by subdivision 1* shall be in

duplicate quadruplicate on a form designed by the commissioner, with two copies to the commissioner and one to the insurer.

Sec. 55. Minnesota Statutes 1978, Section 176.235, is amended to read:

176.235 [NOTICE TO EMPLOYERS AND INJURED EMPLOYEE OF RIGHTS AND DUTIES.] *Subdivision 1.* When the commissioner of the department of labor and industry has received notice or information that an employee has sustained an injury which may be compensable under this chapter, the commissioner of the department of labor and industry shall mail a form letter notice brochure, written in language easily readable and understandable by a person of average intelligence and education, to the employee stating briefly and simply explaining the rights and duties obligations of the employee in such case, the assistance available to the employee, the operation of the workers' compensation system, and

The notice:

(1) shall summarize the duty of the employer to pay compensation and to furnish medical and hospital treatment;

(2) shall invite the employee to ask the advice of the division with reference to any doubt or dispute which the employee has concerning the injury;

(3) may contain whatever other relevant information the commissioner of the department of labor and industry deems necessary.

Subd. 2. The commissioner shall prepare, in language easily readable and understandable by a person of average intelligence and education, a brochure explaining to employers their rights and obligations under this chapter and shall furnish it to employers subject to this chapter.

Sec. 56. Minnesota Statutes 1978, Section 176.241, is amended to read:

176.241 [NOTICE TO DIVISION OF INTENTION TO DISCONTINUE COMPENSATION PAYMENTS.] *Subdivision 1.* [NECESSITY FOR NOTICE AND SHOWING; CONTENTS.] Where an employee claims that the right to compensation continues, or refuses to sign or objects to signing a final receipt for compensation, the employer may not discontinue payment of compensation until he notifies the division in writing of his intention to do so he provides the division with notice in writing of his intention to do so, together with a statement of facts clearly indicating the reasons for the discontinuance.

The notice to the division shall state the date of intended discontinuance, the reason for such the action, and the fact that the employee objects to the discontinuance. The notice shall be accompanied by a statement of facts in support of the discontinuance of compensation payments and whatever medical reports are in the possession of the employer bearing on the physical condition of the employee at the time of the proposed discontinuance.

Subd. 2. [CONTINUANCE OF EMPLOYER'S LIABILITY; SUSPENSION.] Except where the commissioner of the department of labor and industry orders otherwise, until the notice and reports have been filed with the division, the liability of the employer to make payments of compensation continues.

When the division has received a notice of discontinuance, *the statement of facts* and available medical reports, the duty of the employer to pay compensation is suspended pending an investigation, hearing, and determination of the matter by the division as provided in the following subdivisions.

Subd. 3. [COPY OF NOTICE TO EMPLOYEE, INVESTIGATION, HEARING.] When the division has received a notice of discontinuance, it shall immediately send the employee a copy of the notice and copies of ~~whatever~~ *medical reports supporting documents which* have been submitted in conjunction with the notice. The commissioner of the department of labor and industry shall make an investigation to determine whether the right to compensation has terminated. If it appears from the investigation that the right to compensation may not have terminated, the commissioner of the department of labor and industry shall schedule a hearing before a compensation judge, to determine the right of the employee, or his dependent, to further compensation.

The hearing shall be held within a reasonable time after the division has received the notice of discontinuance. The commissioner of the department of labor and industry shall give eight days notice of the hearing to interested parties.

Subd. 4. [ORDER.] When the hearing has been held, and he has duly considered the evidence, the person who held the hearing shall promptly enter an order directing the payment of further compensation or confirming the termination of compensation. Where the order confirms a termination of compensation, the commissioner of the department of labor and industry shall notify the employer of ~~such~~ *the* action. This notification relieves the employer from further liability for compensation subject to the right of review afforded by this chapter, and to the right of the division to set aside the order at any time prior to the review and grant a new hearing pursuant to this chapter.

Sec. 57. Minnesota Statutes 1978, Section 176.271, is amended to read:

176.271 [INITIATION OF PROCEEDINGS.] *Subdivision 1.* Unless otherwise provided by this chapter or by the commissioner of the department of labor and industry, all proceedings before the division are initiated by the filing of a written petition on a prescribed form with the commissioner of the department of labor and industry at his principal office.

Subd. 2. Before a proceeding is initiated pursuant to subdivision 1 the party contemplating initiation of a proceeding shall notify the party against whom the proceeding will be directed including an employer who has an interest in the matter and shall state the relief that will be sought in the proceeding. If the party to

whom the notice is directed does not respond to the satisfaction of the party supplying the notice within 15 days of the receipt of the notice a proceeding may be initiated pursuant to subdivision 1. This notification is not required in cases where compliance with this subdivision would result in the claim being barred by section 176.151 or other sections.

Sec. 58. Minnesota Statutes 1978, Section 176.391, Subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT OF PHYSICIANS, SURGEONS, AND OTHER EXPERTS.] The workers' compensation court of appeals, or a judge of the workers' compensation court of appeals or compensation judge assigned to a matter, or the commissioner of the department of labor and industry, may appoint one or more impartial neutral physicians or surgeons from the list established by the commissioner to examine the injury of the employee and report thereon. Where necessary to determine the facts, the services of other experts may also be employed.

Sec. 59. Minnesota Statutes 1978, Section 176.521, Subdivision 1, is amended to read:

176.521 [SETTLEMENT OF CLAIMS.] Subdivision 1. [VALIDITY.] An agreement between an employee or his dependent and the employer or insurer to settle any claim, which is not upon appeal before the workers' compensation court of appeals, for compensation under this chapter is valid where it has been executed in writing and signed by the parties, and intervenors in the matter, and the division has approved the settlement and made an award thereon. If the matter is upon appeal before the workers' compensation court of appeals, the workers' compensation court of appeals is the approving body.

Sec. 60. [STUDY OF INFORMATION SYSTEMS FOR DEPARTMENT OF LABOR AND INDUSTRY.] *The commissioner of administration shall study and make recommendations for the improvement of the department of labor and industry's workers' compensation record-keeping and information systems. In making this study the commissioner shall give special attention to the application of computer and microfilming systems, and the commissioner may, if it is appropriate, hire outside consultants to assist in the study.*

Sec. 61. [COMMISSIONER TO ESTABLISH DISABILITY SCHEDULES.] Subdivision 1. *The commissioner of labor and industry may by rule establish a schedule of degrees of disability resulting from different kinds of injuries.*

Subd. 2. *The commissioner shall by rule establish a schedule of internal organs that are compensable and indicate in the schedule to what extent the organs are compensable under section 176.101, subdivision 3.*

Subd. 3. *In order to accomplish the purposes of this section, the commissioner shall study disability or permanent impairment*

schedules set up by other states, the American Medical Association and other organizations.

Sec. 62. [ADDITIONAL HEARING ROOMS.] *The commissioner of administration shall provide two hearing rooms in Minneapolis and one in Saint Paul, in addition to those already in existence, for the use of the workers' compensation division.*

Sec. 63. [SECOND OPINION STUDY.] *The commissioner of labor and industry shall conduct a study on the effect of requiring a mandatory second surgical opinion for non-emergency surgical procedures pursuant to section 44 of this act. The study shall include data regarding the quality and cost of medical care, and other appropriate information. The commissioner shall report his findings to the legislature no later than January 1, 1983.*

Sec. 64. *Section 7, Subdivision 2, clause (1), shall not apply to those parts of the manual which concern the (1) basis of premium found in part VI of the most recent manual; (2) standard exceptions found in part VIII, paragraph 8, of the most recent manual; (3) experience rating plan; and (4) rules for the division of payroll. These parts of the manual shall be approved by the commissioner of insurance pursuant to section 2 if a petition for a hearing is made pursuant to section 2 within 90 days of the effective date of this section. If no such petition is made, subdivision 2, clause (1), shall apply to these parts of the manual.*

Workers' compensation premiums charged to insureds during the pendency of the proceeding held pursuant to the petition shall be based on the current manual.

Sec. 65. *Upon the effective date of section 26, the governor shall appoint two judges to the workers' compensation court of appeals in order to bring the number of judges to the required complement.*

Sec. 66. [WORKERS' COMPENSATION STATE FUND STUDY COMMISSION.] *Subdivision 1. A study commission is created to study and report on the feasibility of a state competitive fund to provide workers' compensation insurance.*

Subd. 2. The commission shall consist of six members of the house of representatives appointed by the speaker and six members of the senate appointed by the subcommittee on committees.

Subd. 3. The commission shall report its findings and recommendations to the governor and legislature not later than January 1, 1981.

Subd. 4. The commission shall hold meetings and hearings at the times and places it designates to accomplish the purposes set forth in this section. It shall select a chairman and other officers from its membership as it deems necessary.

Subd. 5. The commission shall make use of existing legislative facilities and staff of the house and senate research departments and senate counsel, but it may also request the legislative coordinating commission to supply it with additional necessary staff,

office space, and administrative services. All additional personnel shall be hired and supervised by the directors of the house and senate research departments and senate counsel. The commission shall have full authority to contract for expert services and opinions relevant to the purposes of this section.

Sec. 67. In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute the word "association" for the word "bureau" wherever it occurs in chapter 79.

Sec. 68. [APPROPRIATION.] The sums set forth in this section are appropriated from the general fund to the agencies and for the purposes indicated, to be available for the fiscal year ending June 30 in the years indicated.

	1980	1981
	\$	\$
(a) Attorney general, for legal services to the commissioner of insurance. The approved complement of the office of attorney general is increased by 1 person in fiscal year 1980 and by 3 persons in fiscal year 1981.	35,000	72,500
(b) Commissioner of insurance, for the purposes of sections 2 to 15 and to carry out other duties prescribed by law. The approved complement of the department of commerce is increased by 7 persons. These additional persons shall be provided to the insurance division.	189,666	184,066
(c) Commissioner of labor and industry, for the purposes of sections 26, 27, 36, 45, 46, 48, 50, 52, 54, 61, 62 and 63 to carry out other duties prescribed by law. The approved complement of the department of labor and industry is increased by 8 persons.	383,594	323,656

To the state fund study commission established by sec. 66 \$25,000. The appropriation to the state fund study commission is available for the biennium ending June 30, 1981.

Sec. 76. [REPEALER.] Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7; are repealed.

Sec. 77. [EFFECTIVE DATE.] Section 1, Subdivision 6, is effective October 1, 1979. Section 1, subdivisions 7 and 8 and sections 21, 24 and 25 are effective the day following final enactment."

Further, delete the title and insert:

"A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increasing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability and amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance; establishing a reopened case fund; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, Subdivision 2, and by adding subdivisions; 79.095; 79.10; 79.21; 79.22, by adding a subdivision; 79.25, by adding a subdivision; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.081, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivision 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179; 176.181, Subdivision 2, and by adding a subdivision; 176.191; 176.221; 176.231, Subdivisions 1 and 2; 176.235, Subdivision 1, and by adding a subdivision; 176.241; 176.271, and by adding a subdivision; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding a section; repealing Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Steve Keefe, Jim Nichols, Roger Lauf-
enburger

House Conferees: (Signed) Wayne A. Simoneau, Joseph R. Begich,
O. J. Heinitz, John R. Kaley

Mr. Keefe, S. moved that the foregoing recommendations and Conference Committee Report on S. F. No. 917 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S. F. No. 917 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Dunn	Jensen	Laufenburger	Nichols
Benedict	Engler	Johnson	Lessard	Ogdahl
Bernhagen	Frederick	Keefe, J.	Luther	Olhoft
Chenoweth	Gearty	Keefe, S.	McCutcheon	Olson
Chmielewski	Gunderson	Kirchner	Menning	Penny
Coleman	Hanson	Kleinbaum	Merriam	Perpich
Davies	Hughes	Knaak	Moe	Peterson
Dieterich	Humphrey	Knoll	Nelson	Pillsbury

Purfeerst	Sieloff	Staples	Tennessee	Wegener
Renneke	Sikorski	Stokowski	Ueland, A.	Willet
Schmitz	Solon	Strand	Ulland, J.	
Setzepfandt	Spear	Stumpf	Vega	

Those who voted in the negative were:

Ashbach	Brataas	Knutson	Rued	Sillers
Bang				

So the bill, as amended by the Conference Committee, was re-passed and its title was agreed to.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 257 and re-passed said bill in accordance with the report of the Committee, so adopted.

House File No. 257 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 257

A bill for an act relating to taxation; providing standards and procedures for tax increment financing; authorizing the issuance of bonds; authorizing tax increment financing for the payment of principal and interest on such bonds; providing limitation on extent of districts to which tax increment financing applies; amending Minnesota Statutes 1978, Sections 362A.05; 458.192, Subdivision 11; 462.545, Subdivision 5; 462.585, Subdivisions 2, 3 and 4; 472A.06; 472A.07, by adding a subdivision; 473F.02, Subdivision 3; 473F.05; 473F.08, Subdivisions 2, 4 and 6; 474.10, Subdivisions 2 and 3; and Chapter 273, by adding sections; repealing Minnesota Statutes 1978, Sections 458.192, Subdivision 12; 472A.02, Subdivision 3; 472A.07, Subdivision 4; and 472A.08.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 257, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and H. F. No. 257 be amended as follows:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.71] [CITATION.] *Sections 1 to 8 may be cited as the Minnesota tax increment financing act.*

Sec. 2. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.72] [STATEMENT OF PURPOSE.] *The statutes governing the use of tax increment financing in Minnesota have evolved over a long period of time and exist in several different special and general laws. These laws are sometimes inconsistent and provide varying procedures which render them difficult to administer. It is the intent of the legislature, by enacting the Minnesota tax increment financing act, to ratify and confirm the findings, declarations and determinations made by the legislature in connection with chapters 362A, 458, 462, 472A and 474 and to establish a uniform set of standards and procedures to be followed when using this method of financing.*

Sec. 3. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.73] *Subdivision 1. [DEFINITIONS.] For the purposes of sections 1 to 8 the terms defined in this section shall have the meanings given them.*

Subd. 2. [AUTHORITY.] "Authority" means a rural development financing authority created pursuant to chapter 362A, a housing and redevelopment authority created pursuant to chapter 462; a port authority created pursuant to chapter 458; a redevelopment agency as defined by chapter 474; a municipality which is administering a development district created pursuant to chapter 472A or any special law, a municipality which undertakes a project pursuant to chapter 474; or a municipality which exercises the powers of a port authority pursuant to any general or special law.

Subd. 3. [BONDS.] "Bonds" means any bonds, including but not limited to refunding bonds, notes, interim certificates, debentures, or other obligations issued by an authority under section 7 or which were issued in aid of a project under any other law, except revenue bonds issued pursuant to chapter 474, prior to the effective date of this act.

Subd. 4. [CAPTURED ASSESSED VALUE.] "Captured assessed value" means any amount by which the current assessed value of a tax increment financing district exceeds the original assessed value, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.

Subd. 5. [GOVERNING BODY.] "Governing body" means the duly elected council or board of a municipality, notwithstanding any contrary definition thereof contained in chapter 475.

Subd. 6. [MUNICIPALITY.] "Municipality" means any city, however, organized, and with respect to a project undertaken

pursuant to chapter 474, "municipality" has the meaning given in chapter 474, and with respect to a project undertaken pursuant to chapter 362A, or a county or multi-county project undertaken pursuant to sections 462.426 to 462.4291, "municipality" shall also include any county.

Subd. 7. [ORIGINAL ASSESSED VALUE.] "Original assessed value" means the assessed value of all taxable real property within a tax increment financing district as most recently certified by the commissioner of revenue as of the date of the request by an authority for certification by the county auditor, together with subsequent adjustments as set forth in section 6, subdivisions 1 and 4; provided, however, that in determining the original assessed value the assessed value of real property exempt from taxation at the time of the request shall be zero except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the assessed value of the property shall be the assessed value as most recently determined by the commissioner of revenue. For purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.

Subd. 8. [PROJECT.] "Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; a redevelopment project as defined in section 462.421, subdivision 14; a development district as defined in section 472A.02, subdivision 3 or any special law; or a project as defined in section 474.02, subdivisions 1, 1a or 1b.

Subd. 9. [TAX INCREMENT FINANCING DISTRICT.] "Tax increment financing district" or "district" means a contiguous or noncontiguous geographic area within a project delineated in the tax increment financing plan, as provided by section 4, subdivision 1, for the purpose of financing redevelopment, housing or economic development in municipalities through the use of tax increment generated from the captured assessed value in the tax increment financing district.

Subd. 10. [REDEVELOPMENT PROJECT.] (a) "Redevelopment project" means a project within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the project, exists:

(1) The land is predominantly occupied by buildings, streets, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) The land is predominantly occupied by buildings, streets, utilities or other improvements and 20 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of

buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well being of the community; or

(3) The land is not predominantly occupied by buildings, streets, utilities or other improvements, but at least 80 percent of the total acreage of such land has a fair market value upon inclusion in the project which, when added to the estimated cost of preparing the land for use, including utilities, if any, exceeds its anticipated fair market value after completion of said preparation; or

(4) The property consists of underutilized air rights existing over a public street, highway or right-of-way.

(b) For purpose of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Predominantly occupied" shall mean at least 50 percent of the parcels comprising at least 50 percent of the acreage.

Subd. 11. [HOUSING PROJECT.] "Housing project" means a project, or that part of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts.

Subd. 12. [ECONOMIC DEVELOPMENT PROJECT.] "Economic development project" means any project not meeting the requirements found in the definition of redevelopment project or housing project, but which the authority finds to be in the public interest because:

(a) It will discourage commerce, industry or manufacturing from moving their operations to another state; or

(b) It will result in increased employment in the municipality; or

(c) It will result in preservation and enhancement of the tax base of the municipality.

Subd. 13. [ADMINISTRATIVE EXPENSES.] "Administrative expenses" means all expenditures of an authority other than amounts paid for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the district, relocation benefits paid to or services provided for persons residing or businesses located in the district, or amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 7.

Sec. 4. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.74] [ESTABLISHING, MODIFYING TAX INCREMENT FINANCING PLAN, ANNUAL ACCOUNTS.] *Subdivision 1. [TAX INCREMENT FINANCING PLAN.] A tax increment financing plan shall contain a statement of objectives of an authority for the improvement of a district. The plan shall contain a statement as to the development program for the district, including the property within the district, if any, which the authority intends to acquire. It shall also contain estimates of the following: cost of the district, including administration expenses; amount of bonded indebtedness to be incurred; sources of revenue to finance or otherwise pay public costs; the most recent assessed value of taxable real property within the district; the estimated captured assessed value of the district at completion; and the duration of the district's existence. The plan shall also contain a statement of the authority's estimate of the impact of tax increment financing on the assessed values of all taxing jurisdictions in which the district is located in whole or in part.*

Subd. 2. [CONSULTATIONS; COMMENT AND FILING.] Before formation of a tax increment financing district, the authority shall provide an opportunity to the members of the county boards of commissioners of any county in which any portion of the proposed district is located and the members of the school board of any school district in which any portion of the proposed district is located to meet with the authority. The authority shall present to the members of the county boards of commissioners and the school boards its estimate of the fiscal and economic implications of the proposed tax increment financing district. The members of the county boards of commissioners and the school boards may present their comments at the public hearing on the tax increment financing plan required by subdivision 3. Upon adoption of the tax increment financing plan, the authority shall file the same with the state planning agency.

Subd. 3. [MUNICIPALITY APPROVAL.] No county auditor shall certify the original assessed value of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the project is located. If an authority which proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. This hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the

tax increment financing plan, the municipality shall make the following findings:

(a) That the project comprising the proposed tax increment financing district is a redevelopment project, a housing project or an economic development project and the specific bases for such determination.

(b) That the proposed development or redevelopment, in the opinion of the municipality, would not occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

(c) That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(d) That the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the district by private enterprise.

(e) That the municipality elects the method of tax increment computation set forth in section 6, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to section 4, subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for such financing.

Subd. 4. [MODIFICATION OF PLAN.] A tax increment financing plan may be modified by an authority, provided that any reduction or enlargement of geographic area, increase in amount of bonded indebtedness to be incurred, increase in the portion of the captured assessed value to be retained by the authority, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the authority shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan.

The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original assessed value by the county auditor or five years from the effective date of this act for tax increment financing districts authorized prior to the effective date of the act, except that development districts created pursuant to chapter 472A prior to the effective date of this act may be reduced but shall not be enlarged after five years following the date of designation of such district.

Subd. 5. [ANNUAL DISCLOSURE.] For all tax increment financing districts, whether created prior or subsequent to the effective date of this act, on or before July 1 of each year, the authority shall submit to the county board, the school board, the state planning agency and, if the authority is other than the municipality, the governing body of the municipality a report of the status of the district. The report shall include the following information: the amount and the source of revenue in the account, the amount and purpose of expenditures from the account, the amount of any pledge of revenues, including principal and interest on any outstanding bonded indebtedness, the original assessed value of the district, the captured assessed value retained by the authority, the captured assessed value shared with other taxing districts, the tax increment received and any additional information necessary to demonstrate compliance with any applicable tax increment financing plan. An annual statement showing the tax increment received and expended in that year, the original assessed value, captured assessed value, amount of outstanding bonded indebtedness and any additional information the authority deems necessary shall be published in a newspaper of general circulation in the municipality.

Sec. 5. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.75] [LIMITATIONS.] Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] Subject to the limitations contained elsewhere in this subdivision any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as any such bonds continue to be outstanding; provided, however, the tax increment pledged to the payment of bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to such maturity or redemption date, provided that for bonds issued pursuant to section 7, clauses (a) and (b) the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full; provided, further, that no tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original assessed value of the taxable real property in the district by the county auditor or three years from the effective date of this act for tax increment financing districts authorized prior to the effective date of the act unless within the three year period (a) bonds have been issued pursuant to section 7, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to chapter 474, prior to the effective date of this act, or (b) the authority has acquired property within the district, or (c) the authority has constructed or caused to be constructed public improvements

within the district; and provided, further, that no tax increment shall in any event be paid to the authority from a redevelopment project after 25 years from date of receipt by the authority of the first tax increment, after 25 years from the date of the receipt for a housing project and after eight years from the date of the receipt, or 10 years from approval of the tax increment financing plan, whichever is less, for an economic development project.

For tax increment financing districts created prior to the effective date of this act, no tax increment shall be paid to the authority after 30 years from the effective date of this act.

Modification of a tax increment financing plan pursuant to section 4, subdivision 4, shall not extend the durational limitations of this subdivision.

Subd. 2. [EXCESS TAX INCREMENTS.] *In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to (a) prepay any outstanding bonds, (b) discharge the pledge of tax increment therefor, (c) pay into an escrow account dedicated to the payment of such bond, or shall return the excess amount to the municipality, county and school district in which the tax increment financing district is located in direct proportion to their respective mill rates.*

Subd. 3. [LIMITATION ON ADMINISTRATIVE EXPENSES.] *No tax increment shall be used to pay any administrative expenses for a district which exceed five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the district, whichever is less.*

Subd. 4. [LIMITATION ON USE OF TAX INCREMENT.] *All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (a) to pay the principal of and interest on bonds issued to finance a project; (b) by a rural development financing authority for the purposes stated in section 362A.01, subdivision 2, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to chapter 458, by a housing and redevelopment authority to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality to finance or otherwise pay the capital and administration costs of a development district pursuant to chapter 472A, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance guaranteeing the payment of net rentals when due under the project lease or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 474. These revenues shall not be used to circumvent existing levy limit law.*

Subd. 5. [REQUIREMENT FOR AGREEMENTS.] *No more*

than 25 percent, by acreage, of the property to be acquired within a redevelopment project, or ten percent, by acreage, of the property to be acquired within a housing or economic development project, as set forth in the tax increment financing plan, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued pursuant to section 7 without the authority having prior to acquisition in excess of the percentages concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the authority should the development or redevelopment not be completed.

Subd. 6. [LIMITATION ON INCREMENT.] If, after five years from the date of certification of the original assessed value of the tax increment financing district pursuant to section 6, no demolition, rehabilitation or renovation of property or other site preparation, including improvement of a street adjacent to a property but not installation of utility service, has been commenced on a property located within a tax increment financing district by the authority or by the owner of the property in accordance with the tax increment financing plan, no additional tax increment may be taken from that property, and the original assessed value of that property shall be excluded from the original assessed value of the tax increment financing district. If the authority or the owner of the property subsequently commences demolition, rehabilitation or renovation or other site preparation on that property including improvement of a street adjacent to that property, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced, and the property may be added into the tax increment financing district. The county auditor shall certify the most recently assessed value of that property and add it to the original assessed value of the tax increment financing district.

Sec. 6. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.76] [COMPUTATION OF TAX INCREMENT.] *Subdivision 1. [ORIGINAL ASSESSED VALUE.] Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original assessed value of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original assessed value has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to section 6, subdivision 4. The amount to be added to the original assessed value of the district as a result of previously tax exempt real property within the district becoming taxable shall be equal to the assessed value of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the value which shall be assessed by the assessor at the time of such transfer as of the date of title transfer. The amount to be added to the original assessed value of the district as a result of enlargements*

thereof shall be equal to the assessed value of the added real property as most recently certified by the commissioner of revenue as of the date of the tax increment financing plan. The amount to be subtracted from the original assessed value of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original assessed value initially attributed to the property becoming tax exempt or being removed from the district. If the assessed value of property located within the tax increment financing district is reduced by a court-ordered abatement, the original assessed value of the district shall be reduced by that amount. The county auditor shall have the power to specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 4, subdivision 4.

Subd. 2. [CAPTURED ASSESSED VALUE.] The county auditor shall certify the amount of the captured assessed value to the authority each year, together with the proportion that the captured assessed value bears to the total assessed value of the real property within the tax increment financing district for that year.

(a) An authority may choose to retain any part or all of the captured assessed value for purposes of tax increment financing according to one of the two following options:

(1) If the plan provides that all the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 5, subdivision 5, the authority may retain the full captured assessed value.

(2) If the plan provides that only a portion of the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 5, subdivision 5, only that portion shall be set aside and the remainder shall be distributed among the affected taxing districts by the county auditor.

(b) The portion of captured assessed value that an authority intends to use for purposes of tax increment financing must be clearly stated in the tax increment financing plan.

Subd. 3. [TAX INCREMENT, RELATIONSHIP TO CHAPTER 473F.] (a) Unless the governing body elects pursuant to clause (b) of this subdivision the following method of computation shall apply:

(1) The original assessed value shall include any portion thereof which is subject to the area-wide tax imposed by section 473F.08, subdivision 6, in the levy and assessment of taxes in the year the district is certified and the current assessed value shall not be reduced to any extent to reflect the contribution of the municipality to the area-wide tax base pursuant to section 473F.08, subdivision 2, clause (a).

(2) In each subsequent year, the county auditor shall compute assessed valuation, mill rates and the tax increment as follows:

(i) If the authority retains the full captured assessed value, the county auditor shall include no more than the original assessed

value of the real property in the tax increment financing district for purposes of determining assessed value for local mill rates. The county auditor shall compute the mill rates of all taxes levied by the state, the county, the municipality or town, the school district and every other taxing district in which the district is located in whole or in part of the aforementioned assessed value. The county auditor shall extend all mill rates against the current assessed value, including the captured assessed value, except for that portion of the current assessed value which is subject to the area-wide tax rate determined pursuant to section 473F.08, subdivision 5. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that portion of all taxes paid that year on real property in the district, including taxes paid as a result of the application of the area-wide tax determined pursuant to section 473F.08, subdivision 5, which exceeds the taxes attributable to the application of local mill rates to the original assessed value. The amount so remitted each year is referred to in this section as the tax increment for that year.

(ii) If the authority retains only a portion of the captured assessed value for its use and returns the remaining portion to the tax rolls of all affected taxing districts, the county auditor shall include the original assessed value which is shared with all the affected taxing districts in determining the assessed value for computing mill rates. He shall compute the mill rates of all taxes levied by the state, county, municipality, school district, and every other taxing district in which the district is located in whole or in part on this assessed value. He shall extend all mill rates against the total current assessed value including that portion of the captured assessed value which the authority is retaining for its use only, except for that portion of the current assessed value which is subject to the area-wide tax rate determined pursuant to section 473F.08, subdivision 5. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that portion of all taxes paid on real property in the district, including taxes paid as a result of the area-wide tax rate determined pursuant to section 473F.08, subdivision 5, that exceeds the taxes attributable to the application of local mill rates to the original assessed value and to that portion of the captured assessed value which is shared with all the affected taxing districts. The amount so remitted each year is referred to as the tax increment.

(3) In any year in which the current assessed value of the tax increment financing district is less than the original assessed value, thereby creating a tax increment deficit, the county auditor shall compute and extend taxes against the current assessed value, except for that portion of the current assessed value which is subject to the area-wide tax rate determined pursuant to section 473F.08, subdivision 5. Taxes, including taxes paid as a result of the application of the area-wide tax rate determined pursuant to section 473F.08, subdivision 5, shall be distributed from the affected property to each of the taxing jurisdictions as determined by the current levy and there will be no tax increment. In any

year subsequent to a year in which there exists a tax increment deficit, the tax increment shall be computed without regard to said deficit.

(b) Notwithstanding clause (a) of this subdivision, the governing body may, by resolution approving the tax increment financing plan pursuant to section 4, subdivision 3, elect the following method of computation:

(1) The original assessed value shall not include any portion thereof which is subject to the area wide tax imposed by section 473F.08, subdivision 6, in the levy and assessment of taxes in the year the district is certified and the current assessed value shall not include the portion thereof which is subject to the area wide tax imposed by section 473F.08, subdivision 6, but shall not otherwise be reduced by the amount of the contribution of the municipality to the area wide tax base pursuant to section 473F.08, subdivision 2, clause (a).

(2) In each subsequent year, the county auditor shall compute assessed valuation, mill rates and tax increments as follows:

(i) If the authority retains the full captured assessed value, the county auditor shall include no more than the original assessed value of the real property in the tax increment financing district for purposes of determining assessed value for local mill rates. The county auditor shall compute the mill rates of all taxes levied by the state, the county, the municipality or town, the school district and every other taxing district in which the district is located in whole or in part on the aforementioned assessed value. The county auditor shall extend all mill rates against the current assessed value, including the captured assessed value. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that proportion of all taxes paid that year on real property in the district which the captured assessed value bears to the current assessed value. The amount so remitted each year is referred to in this section as the tax increment for that year.

(ii) If the authority retains only a portion of the captured assessed value for its use and returns the remaining portion to the tax rolls of all affected taxing districts, the county auditor shall include the original assessed value and that portion of the captured assessed value which is shared with all the affected taxing districts in determining the assessed value for computing mill rates. He shall compute the mill rates of all taxes levied by the state, county, municipality, school district, and every other taxing district in which the district is located in whole or in part on this aforementioned assessed value. He shall extend all mill rates against the total current assessed value including that portion of the captured assessed value which the authority is retaining for its use only. In each year for which the current assessed value exceeds the original assessed value, the county treasurer shall remit to the authority that portion of all taxes paid on real property in the district that the retained captured assessed value bears

to the total current assessed value in the district. The amount so remitted each year is referred to as the tax increment.

(3) In any year in which the current assessed value of the tax increment financing district is less than the original assessed value, thereby creating a tax increment deficit, the county auditor shall compute and extend taxes against the current assessed value. Taxes shall be distributed from the affected property to each of the taxing jurisdictions as determined by the current levy and there is no tax increment. In any year subsequent to a year in which there exists a tax increment deficit, tax increments shall be computed without regard to the deficit.

(4) An election by the governing body pursuant to part (b) of this subdivision shall be submitted to the county auditor by the authority at the time of the request for certification pursuant to section 6, subdivision 1.

(c) The method of computation of tax increment applied to a district pursuant to clause (a) or (b) of this subdivision, once established, shall remain the same for the duration of the district.

Subd. 4. [PRIOR PLANNED IMPROVEMENTS.] The authority shall, after due and diligent search, accompany its request for certification to the county auditor pursuant to section 6, subdivision 1, or its notice of district enlargement pursuant to section 4, subdivision 5, with a listing of all properties within the tax increment financing district or area of enlargement for which building permits have been issued during the 18 months immediately preceding approval of the tax increment financing plan by the municipality pursuant to section 4, subdivision 4. For 12 months after completion of the improvements for which a building permit was issued during said 18 month period, the county auditor is authorized, but not required, to increase the original assessed value of the district by the assessed valuation of the improvements for which the building permit was issued, as certified by the assessor.

Subd. 5. [TAX INCREMENT ACCOUNT.] The tax increment received with respect to any district shall be segregated by the authority in a special account or accounts on its official books and records or as otherwise established by resolution of the authority to be held by a trustee or trustees for the benefit of holders of the bonds.

Sec. 7. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.77] [TAX INCREMENT BONDING.] Any other law, general or special, notwithstanding, after the effective date of this act no bonds, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken other than as is authorized hereby and the proceeds therefrom shall be used only in accordance with section 5, subdivision 5 as if said proceeds were tax increment, except that a tax increment financing plan need not be adopted for any project for which tax increment financing has been undertaken

prior to the effective date of the act pursuant to statutes not requiring a tax increment financing plan. Such bonds shall not be included for purposes of computing the net debt of any municipality.

(a) A municipality may issue general obligation bonds to finance any expenditure by the municipality or an authority the jurisdiction of which is wholly or partially within that municipality, pursuant to section 5, subdivision 5 in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision and thereupon shall file the resolution containing such covenant with the county auditor. When tax increment, assessments and other revenues are pledged, the estimated collections of said tax increment, assessments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

(b) When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 5, subdivision 5. Said bonds of the authority shall be authorized by its resolution, shall mature as determined by resolution of the authority in accordance with this act, and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, the bonds shall be fully negotiable. In any suit, actions, or proceedings involving the validity of enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a district shall be conclusively deemed to have been issued for such purpose, and the district shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of this act. Neither the authority, nor any director, commissioner, council member, board member, of-

ficer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority, and such bonds shall so state on their face, shall not be a debt of any municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a tax increment financing district pledged therefor.

(c) Notwithstanding any other law general or special, an authority may, by resolution, authorize, issue and sell revenue bonds payable solely from all or a portion of revenues, including but not limited to tax increment revenues and assessments, derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure which the authority is authorized to make by section 5, subdivision 5. The bonds shall mature as determined by resolution of the authority in accordance with this act and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a district shall be conclusively deemed to have been issued for such purpose, and the district shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of this act. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds may be further secured by a pledge and mortgage of all or any portion of the district in aid of which the bonds are issued and such covenants as the authority shall deem by such resolution to be necessary and proper to secure payment of the bonds. The bonds, and the bonds shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing authority be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as

is permitted or required under this act and pledged therefor hereunder, to pay the principal of or interest on any such bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof.

Sec. 8. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.78] [EXISTING PROJECTS.] *The provisions of sections 1 to 7 shall not affect any project for which tax increment certification was requested pursuant to law prior to the effective date of sections 1 to 7, or any project carried on by an authority pursuant to Minnesota Statutes, Section 462.545, Subdivision 5 with respect to which the governing body has by resolution designated properties for inclusion in the project prior to the effective date of sections 1 to 7, except:*

(a) *As otherwise expressly provided in sections 1 to 7; or*

(b) *As an authority may elect to proceed with an existing project, under the provisions of sections 1 to 7; or*

(c) *That any enlargements of the geographic area of an existing tax increment financing district subsequent to the effective date of sections 1 to 7 shall be accomplished in accordance with and shall subject the property added as a result of the enlargement to the terms and conditions of sections 1 to 7; or*

(d) *That commencing with taxes payable in 1980, section 6, subdivision 3, clause (b) shall apply to all development districts created pursuant to chapter 472A, or any special law, prior to the effective date of this act.*

Sec. 9. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.86] [DEFERRED PROPERTY TAXATION FOR PRIVATE REDEVELOPMENT.] *Subdivision 1. [APPLICATION.] A developer proposing to construct improvements on property located within an industrial development district as defined in section 458.191, subdivision 1; a development district as defined in section 472A.02, subdivision 3, or any special law; or a redevelopment project as defined in section 462.421, subdivision 14 may apply to the governing body of the city or municipality in which the property is located to obtain deferral of property tax on the improved property, stating the nature and location of the proposed improvement, its estimated cost, and the projected length of construction time. If the governing body finds that the proposed development is consistent with the requirements of the above referred sections, it may approve the application. If the application is approved by June 30, the tax exemption shall be in effect for taxes paid the following year; if it is approved later than June 30, the exemption shall be in effect for taxes paid in the second subsequent taxable year.*

Subd. 2. [TAX TREATMENT.] Property approved for the tax deferral provided in this section shall be exempt from taxation

during the time while the improvements proposed in the plan are under construction. The exemption shall be in effect for the number of taxable years approved by the governing body at the time of approval of the application. The period of deferral shall not exceed the length of the construction period projected in the plan. For taxes payable in the first year following the levy year during which 50 percent of the area of the building becomes occupied, the tax due on the property shall be the amount of tax paid on the property in the year in which the developer applied for the deferral, multiplied by the number of years during which the property was exempt from taxation pursuant to this section plus the amount of taxes which would ordinarily be due in the first year following the levy year during which 50 percent of the area of the building becomes occupied, plus at the option of the governing body, the amount of increased taxes that would have been due and payable each year during the period of deferral. If the improvements which had been present on the property were demolished prior to the year of the application, the governing body may require that the deferred tax be computed based on the amount of tax due on the property for the last taxable year preceding the demolition of the improvement. For all subsequent taxable years, the property shall be assessed as provided in section 273.11.

Subd. 3. [TRANSFERABILITY.] When ownership of property which has been approved for the tax deferral provided in this section is transferred from the original applicant, the governing body may elect to continue to defer the tax on the property if the subsequent owner agrees to redevelop the property according to either the original redevelopment plan approved under subdivision 1 or a plan proposed by the subsequent owner and approved by the governing body if the governing body does not approve continuation of the tax.

Subd. 4. [EXCEPTIONS.] The provisions of this section shall not apply to any property purchased from an authority which acquired such property with tax increment or bonds issued pursuant to sections 10 through 12.

Sec. 10. Minnesota Statutes 1978, Section 362A.05, is amended to read:

362A.05 [AGREEMENTS FOR RESERVATION OF TAX INCREMENTS.] The authority may enter into an agreement with any county in which a project is to be situated, under which the increment of taxable value of property to be created by the project, over and above the taxable value of the project site as last finally determined before the project was undertaken, may be excluded from the taxable value of property on which the mill rate of taxes is computed in every subsequent year, for so long as may be agreed, but the aggregate mill rate of taxes levied by the county and all other taxing districts on other properties in each such year shall be spread also on the incremental taxable value of the project, and the tax resulting therefrom, when collected, shall be remitted to the authority, and may be pledged, together with charges or special assessments, to pay or guarantee

the payment of its bonds, or may be used by the authority for the purposes stated in section 362A.01, subdivision 2. Every county shall have the power by resolution of the county board to do all acts and things necessary for the computation, segregation, and application of tax increments under agreements made with the authority in accordance with this section. *This section shall not apply with respect to any project established subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 11. Minnesota Statutes 1978, Section 458.192, Subdivision 11, is amended to read:

Subd. 11. Upon or after the creation of an industrial development district under section 458.191 *which is not subject to the provisions of sections 1 to 8 of the Minnesota tax increment financing act*, the auditor of the county in which it is situated shall upon request of the port authority certify the then most recently determined assessed valuation of all or so much of the taxable real property within the district as is identified by legal description in the request, other than that portion of the valuation which is contributed to an area-wide tax base under chapter 473F. The auditor shall certify to the authority in each year thereafter the amounts and percentages of subsequent increases or decreases in such valuation other than that portion of such increases or decreases which is contributed to an area-wide tax base under chapter 473F. The auditor shall compute the mill rates of taxes against such original valuation but shall extend such rates also against any incremental value and remit the resulting tax increment to the port authority in the same manner as that provided for the computation and remittance of tax increments under section 462.585, subdivisions 2 and 3. The port authority shall segregate tax increments received with respect to any such property district in a special account on its official books and records. Such tax increments shall be remitted to the port authority until the cost of redevelopment of the marginal land within the district, including interest thereon, has been fully reimbursed from the tax increments. When such full reimbursement has been made, it shall be reported by the port authority to the county auditor, who shall thereafter include the entire assessed valuation of the property in the assessed valuations upon which tax mill rates are computed and extended and taxes are remitted to all taxing districts. Any part or all of such tax, if so directed by the city council, shall be pledged and appropriated for the payment of any general obligation bonds of the port authority. Increases in the value of such property, subsequent to certification of the base for computing the tax increment therefrom, shall not be included in the assessed valuation of any taxing district for the purpose of computing any debt or levy limitation or the amount of any state or federal aid to the taxing district, so long as the tax increment therefrom is segregated under the provisions of this section. *The provisions of this subdivision shall not apply with respect to any project, certification of which is requested subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 12. Minnesota Statutes 1978, Section 462.545, Subdivision 5, is amended to read:

Subd. 5. [SPECIAL BENEFIT TAX FUND.] In the event the authority shall issue bonds or other obligations to finance a redevelopment project, the authority may, in its discretion, with the consent of the governing body obtained at the time of the approval of the redevelopment plan as required in section 462.521, notify the county treasurer to set aside in a special fund, for the retirement of such bonds and interest thereon, all or part of the real estate tax revenues derived from the real property in the redevelopment area which is in excess of the tax revenue derived therefrom in the tax year immediately preceding the acquisition of such property by the authority, and it shall be the duty of the county treasurer so to do. Such setting aside of funds shall continue until the bonds or other obligations have been retired. *The provisions of this subdivision shall not apply with respect to any property which the governing body has not by resolution designated for inclusion in a project prior to the effective date of the Minnesota tax increment financing act.*

Sec. 13. Minnesota Statutes 1978, Section 462.585, Subdivision 2, is amended to read:

Subd. 2. [ORIGINAL TAXABLE VALUE.] Upon or after approval of a redevelopment project of any housing and redevelopment authority under section 462.521, the auditor of the county in which it is situated shall upon request of the authority certify the assessed valuation of all taxable real property within the project area as then most recently determined, which is referred to in this section as the "original taxable value", and shall certify to the authority in each year thereafter the amount by which the original taxable value has increased or decreased, and the proportion which any such increase bears to the total assessed valuation of the real property for that year or the proportion which any such decrease bears to the original taxable value. *The provisions of this subdivision shall not apply with respect to any redevelopment project, certification of which is requested subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 14. Minnesota Statutes 1978, Section 462.585, Subdivision 3, is amended to read:

Subd. 3. [TAX INCREMENTS.] In each subsequent year the county auditor shall include no more than the original taxable value of such real property in the assessed valuation upon which he computes the mill rates of all taxes levied by the state, the county, the municipality or town, the school district and every other taxing district in which the project area is situated; but he shall extend all mill rates so determined against the entire assessed valuation of such real property for that year. In each year for which the assessed valuation exceeds the original taxable value, the county treasurer shall remit to the authority, instead of the taxing districts, that proportion of all taxes paid that year on the real property in the project area which such excess valuation bears to the total assessed valuation. The amount so remitted

each year is referred to in this section as the "tax increment" for that year. Tax increments received with respect to any redevelopment project shall be segregated by the authority receiving them in a special account on its official books and records until the public redevelopment cost of the project, including interest on all money borrowed therefor, has been fully paid, and the municipality or other public body in which the project is situated has been fully reimbursed from the tax increments or revenues of the project for any principal and interest on general obligation bonds which it has issued for the project and has paid from taxes levied on other property within its corporate limits. Such payment shall be reported to the county auditor, who shall thereafter include the entire assessed valuation of the project area in the assessed valuations upon which tax mill rates are computed and extended and taxes are remitted to all taxing districts. *The provisions of this subdivision shall not apply with respect to any redevelopment project, certification of which is requested subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 15. Minnesota Statutes 1978, Section 462.585, Subdivision 4, is amended to read:

Subd. 4. [TAX INCREMENT FINANCING.] The authority may pledge and appropriate any part or all of the tax increments received for any redevelopment project, and any part or all of the revenues received from lands in the project area while owned by the authority, for the payment of the principal of and interest on bonds issued in aid of the project pursuant to sections 462.551, 462.581, or chapter 474, by the authority or by the governing body of the municipality or other state public body within whose corporate limits the project area is situated. Any such pledge for the payment of bonds issued by the governing body shall be made by written agreement executed on behalf of the authority and the governing body and filed with the county auditor. The estimated collections of the tax increments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 3. When such an agreement is made and filed, the bonds may be issued by the governing body in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. *Bonds shall not be issued nor tax increments or other revenues pledged pursuant to this subdivision subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 16. Minnesota Statutes 1978, Section 472A.06, is amended to read:

472A.06 [ISSUANCE OF BONDS.] The governing body of the municipality, may authorize, issue and sell general obligation bonds, which shall mature within 30 years from the date of issue, to finance the acquisition and betterment of real and personal property needed to carry out the development program within the development dis-

tract together with all relocation costs incidental thereto in accordance with sections 475.51, 475.53, 475.54, 475.55, 475.56, 475.60, 475.61, 475.62, 475.63, 475.65, 475.66, 475.69, 475.70, 475.71. All tax increments received by the municipality pursuant to section 472A.08 shall be pledged for the payment of these bonds and used to reduce or cancel the taxes otherwise required to be extended for that purpose, and the bonds shall not be included when computing the municipality's net debt. *Bonds shall not be issued under this section subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 17. Minnesota Statutes 1978, Section 472A.07, is amended by adding a subdivision to read:

Subd. 5. The provisions of this section shall not apply to a development district created subsequent to the effective date of the Minnesota tax increment financing act.

Sec. 18. Minnesota Statutes 1978, 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 (a) which may, by law, constitute the tax base for a tax increment pledged pursuant to sections 462.585 or 474.10, *certification of which was requested prior to the effective date of the Minnesota tax increment financing act*, to the extent and while such tax increment is so pledged; (b) 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 (c) which is exempt from taxation pursuant to section 272.02:

(a) That portion of class 3 property 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) Class 3h property.

(c) Class 3j property.

(d) That portion of class 4 property 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 subdi-

vision shall be to such successor class or classes of property, or portions thereof, as embrace the kinds of property designated in this subdivision.

(e) That property valued and assessed under section 273.13, subdivision 14.

Sec. 19. Minnesota Statutes 1978, Section 473F.05, is amended to read:

473F.05 [ASSESSED VALUATION; 1972 AND SUBSEQUENT YEARS.] On or before November 20 of 1972 and each subsequent year, the assessors within each county in the area shall determine and certify to the county auditor the assessed valuation in that year of commercial-industrial property subject to taxation within each municipality in his county, *determined without regard to section 6, subdivision 3.*

Sec. 20. Minnesota Statutes 1978, Section 473F.08, Subdivision 2, is amended to read:

Subd. 2. The taxable value of a governmental unit is its assessed valuation, as determined in accordance with other provisions of law *including section 6, subdivision 3*, subject to the following adjustments:

(a) There shall be subtracted from its assessed valuation, 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 473F.06 in respect to that municipality as the total preceding year's assessed valuation of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, *determined without regard to section 6, subdivision 3*, bears to the total preceding year's assessed valuation of commercial-industrial property within the municipality, *determined without regard to section 6, subdivision 3*;

(b) There shall be added to its assessed valuation, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the area-wide base for the year attributable to that municipality as the total preceding year's assessed valuation of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's assessed valuation of residential property of the municipality.

Sec. 21. Minnesota Statutes 1978, Section 473F.08, Subdivision 4, is amended to read:

Subd. 4. In 1972 and subsequent years, the county auditor shall divide that portion of the levy determined pursuant to subdivision 3, clause (b), by the assessed valuation of the governmental unit, *taking section 6, subdivision 3 into account*, less that portion subtracted from assessed valuation pursuant to subdivision 2,

clause (a). The resulting rate shall apply to all taxable property except commercial-industrial property, which shall be taxed in accordance with subdivision 6.

Sec. 22. Minnesota Statutes 1978, Section 473F.08, Subdivision 6, is amended to read:

Subd. 6. The rate of taxation determined in accordance with subdivision 5 shall apply in the taxation of 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 3, subdivision 9, to that portion of the assessed valuation of the item which bears the same proportion to its total assessed valuation as 40 percent of the amount determined pursuant to section 473F.06 in respect to the municipality in which the property is taxable bears to: (a) the amount determined pursuant to section 473F.05 minus (b) the entire portion thereof located within any tax increment financing district, as defined in section 3, subdivision 9 for which tax increment is computed in accordance with section 6, subdivision 3, clause (a) (2), regardless of the extent to which it is or is not included in determining assessed value for purposes of computing local mill rates under section 6, subdivision 3, clause (a) (2). The rate of taxation determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the assessed valuation of the item.

Sec. 23. Minnesota Statutes 1978, Section 474.10, Subdivision 2, is amended to read:

Subd. 2. Any municipality or redevelopment agency may request the county auditor of the county in which a project is situated to certify the original taxable value of the real property included therein and the tax increments realized each year after the commencement of the project, as defined in section 462.585, and shall be entitled to receive, use, and pledge such tax increments for the further security of the revenue bonds issued to finance the project, in either of the following ways:

(1) To pay premiums for insurance guaranteeing the payment of net rentals when due under the project lease; or

(2) To accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds.

The provisions of this subdivision shall not apply to a project, certification of which is requested subsequent to the effective date of the Minnesota tax increment financing act.

Sec. 24. Minnesota Statutes 1978, Section 474.10, Subdivision 3, is amended to read:

Subd. 3. Tax increments with respect to any industrial development project shall be segregated and specially accounted for by the county treasurer until all bonds issued to finance the project have been fully paid; but the county treasurer shall remit the same to the municipality or redevelopment agency only in the amount certified to him to be required for any of the purposes stated in subdivision 2. The amount so needed shall be certified annually to the

county auditor and treasurer by the municipality or redevelopment agency on or before October 1. Any tax increment remaining in any year after such remittance shall, when collected, be distributed among all of the taxing districts levying taxes on the project area, in proportion to the amounts so levied by them, respectively. *The provisions of this subdivision shall not apply to a project, certification of which is requested subsequent to the effective date of the Minnesota tax increment financing act.*

Sec. 25. [REPEALER.] *Minnesota Statutes 1978, Sections 458.192, subdivision 12; 472A.02, Subdivision 3; 472A.07, Subdivision 4; and 472A.08, are repealed.*"

Further, amend the title as follows:

Page 1, line 8, after the semicolon insert "authorizing deferred property taxation for private redevelopment;"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) James R. Casserly, James C. Pehler, Robert E. Vanasek, Ray O. Pleasant, Dwaine H. Hoberg, Charles C. Halberg

Senate Conferees: (Signed) Marvin B. Hanson, William McCutcheon, Hubert H. Humphrey, III, Eugene E. Stokowski, Jack Davies

Mr. Hanson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 257 be now adopted, and the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H. F. No. 257: A bill for an act relating to taxation; providing standards and procedures for tax increment financing; authorizing the issuance of bonds; authorizing tax increment financing for the payment of principal and interest on such bonds; providing limitation on extent of districts to which tax increment financing applies; authorizing deferred property taxation for private redevelopment; amending Minnesota Statutes 1978, Sections 362A.05; 458.192, Subdivision 11; 462.545, Subdivision 5; 462.585, Subdivisions 2, 3 and 4; 472A.06; 472A.07, by adding a subdivision; 473F.02, Subdivision 3; 473F.05; 473F.08, Subdivisions 2, 4 and 6; 474.10, Subdivisions 2 and 3; and Chapter 273, by adding sections; repealing Minnesota Statutes 1978, Sections 458.192, Subdivision 12; 472A.02, Subdivision 3; 472A.07, Subdivision 4; and 472A.08.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 56 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Gunderson	Luther	Pillsbury	Stokowski
Bang	Hanson	McCutcheon	Purfeerst	Strand
Benedict	Hughes	Menning	Renneke	Stumpf
Bernhagen	Humphrey	Merriam	Rued	Tennessen
Chenoweth	Jensen	Moe	Schaaf	Ulland, J.
Chmielewski	Johnson	Nelson	Setzepfandt	Vega
Coleman	Keefe, S.	Nichols	Sieloff	Wegener
Davies	Kirchner	Ogdahl	Sikorski	Willet
Dieterich	Kleinbaum	Olhoft	Sillers	
Dunn	Knaak	Olson	Solon	
Engler	Knoll	Perpich	Spear	
Gearty	Lessard	Peterson	Staples	

Those who voted in the negative were:

Brataas	Keefe, J.	Laufenburger	Penny	Schmitz
Frederick	Knutson			

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

MESSAGES FROM THE HOUSE—CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 588 and repassed said bill in accordance with the report of the Committee, so adopted.

H. F. No. 588: A bill for an act relating to the county of Anoka; authorizing the county to enter into agreements with the Anoka State Hospital for community mental health services.

House File No. 588 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 1979

CONFERENCE COMMITTEE REPORT ON H. F. NO. 588

A bill for an act relating to the county of Anoka; authorizing the county to enter into agreements with the Anoka State Hospital for community mental health services.

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 588, report that we have agreed upon the items in dispute and recommend as follows:

That the House accede to the Senate amendments and that H. F. No. 588 be further amended as follows:

Amend the Knoll amendment as follows:

Page 2, line 19, delete "\$7,500" and insert "\$2,000"

Page 2, line 19, after the comma insert "plus \$150 for each additional legal dependent"

Page 2, lines 19 and 20, delete "including the cash surrender value of life insurance policies,"

Page 2, lines 21 and 22, delete the new language

Page 2, line 23, delete "\$15,000" and insert "\$10,000"

Page 4, lines 16 and 17, reinstate the stricken language but strike "\$1,000" and insert "\$1,500"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) John L. Weaver, William D. Dean, Linda L. Berglin, Lee Greenfield

Senate Conferees: (Signed) Jerald C. Anderson, William G. Kirchner, Franklin J. Knoll

Mr. Anderson moved that the foregoing recommendations and Conference Committee Report on H. F. No. 588 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Penny	Solon
Ashbach	Gunderson	Laufenburger	Perpich	Spear
Benedict	Hanson	Lessard	Peterson	Staples
Bernhagen	Hughes	Luther	Pillsbury	Stokowski
Brataas	Humphrey	McCutcheon	Purfeerst	Strand
Chenoweth	Jensen	Menning	Renneke	Stumpf
Chmielewski	Johnson	Merriam	Rued	Tennessee
Coleman	Keefe, J.	Moe	Schaaf	Ueland, A.
Davies	Keefe, S.	Nelson	Schmitz	Ulland, J.
Dieterich	Kirchner	Nichols	Setzepfandt	Vega
Dunn	Kleinbaum	Ogdahl	Steloff	Wegener
Engler	Knaak	Olhoft	Sikorski	Willet
Frederick	Knoll	Olson	Sillers	

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

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman moved that the Senate do now adjourn until 12:00 o'clock noon, Tuesday, January 22, 1980. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

COMMUNICATIONS RECEIVED SUBSEQUENT TO ADJOURNMENT

EXECUTIVE AND OFFICIAL COMMUNICATIONS

May 21, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 1436, 947, 779, 719, 615, 871, 923, 1040, 579, 1376, 1158, 255, 1288 and 601.

Sincerely yours,

Albert H. Quie, Governor

May 21, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
	677	105	May 21	May 21
255		106	May 21	May 21
579		107	May 21	May 21
601		108	May 21	May 21
615		109	May 21	May 21
719		110	May 21	May 21
779		111	May 21	May 21
871		112	May 21	May 21
923		113	May 21	May 21
947		114	May 21	May 21
1040		115	May 21	May 21
1288		116	May 21	May 21
1376		117	May 21	May 21
1436		118	May 21	May 21
	191	119	May 21	May 21
	192	120	May 21	May 21
	219	121	May 21	May 21
	282	122	May 21	May 21
	318	123	May 21	May 21
	386	124	May 21	May 21
	395	125	May 21	May 21

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
	519	126	May 21	May 21
	659	127	May 21	May 21
	757	128	May 21	May 21
	998	129	May 21	May 21
	1011	130	May 21	May 21
	1052	131	May 21	May 21
	1226	132	May 21	May 21
	1235	133	May 21	May 21
	1268	134	May 21	May 21
	1411	135	May 21	May 21
	1433	136	May 21	May 21
	1473	137	May 21	May 21
1158		138	May 21	May 21

Sincerely,

Joan Anderson Growe,
Secretary of State

REPORT FROM THE SECRETARY OF THE SENATE

May 22, 1979

The Honorable Nicholas D. Coleman
Chairman, Committee on Rules and Administration

Pursuant to Senate Rule 51, the following bills remaining on General Orders after adjournment on May 21, 1979, were returned to the Committees indicated:

S.F. No. 767 and H.F. No. 567 to the Committee on Commerce.

H.F. No. 870 to the Committee on Education.

S.F. Nos. 376, 406, 527 and 723 to the Committee on Finance.

S.F. Nos. 701 to the Committee on Health, Welfare and Corrections.

S.F. No. 679 to the Committee on Local Government.

May 22, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 334, 1310, 905, 491, 1327 and 623.

Sincerely yours,

Albert H. Quie, Governor

May 22, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
334		139	May 22	May 22
491		140	May 22	May 22
623		141	May 22	May 22
905		142	May 22	May 22
1310		143	May 22	May 22
1327		144	May 22	May 22
	31	145	May 22	May 22
	59	146	May 22	May 22
	183	147	May 22	May 22
	214	148	May 22	May 22
	220	149	May 22	May 22
	253	150	May 22	May 22
	279	151	May 22	May 22
	325	152	May 22	May 22
	389	153	May 22	May 22
	499	154	May 22	May 22
	568	155	May 22	May 22
	594	156	May 22	May 22
	606	157	May 22	May 22
	623	158	May 22	May 22
	627	159	May 22	May 22
	642	160	May 22	May 22
	656	161	May 22	May 22
	728	162	May 22	May 22
	819	163	May 22	May 22
	882	164	May 22	May 22
	921	165	May 22	May 22
	976	166	May 22	May 22
	982	167	May 22	May 22
	1023	168	May 22	May 22
	1063	169	May 22	May 22
	1126	170	May 22	May 22
	1144	171	May 22	May 22
	1227	172	May 22	May 22
	1245	173	May 22	May 22

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
	1251	174	May 22	May 22
	1256	175	May 22	May 22

Sincerely,

Joan Anderson Growe,
Secretary of State

May 24, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 427, 1312, 830, 233, 117 and 1193.

Sincerely yours,

Albert H. Quie, Governor

May 24, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
117		176	May 24	May 24
233		177	May 24	May 24
427		178	May 24	May 24
830		179	May 24	May 24
1193		180	May 24	May 24
1312		181	May 24	May 24
	340	182	May 24	May 24
	607	183	May 24	May 24
	748	184	May 24	May 24
	898	185	May 24	May 24
	954	186	May 24	May 24
	1065	187	May 24	May 24
	1093	188	May 24	May 24
	1386	189	May 24	May 24

Sincerely,

Joan Anderson Growe,
Secretary of State

May 25, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 622, 961, 808, 1351, 228, 529, 219, 843, 182, 363, 1328, 332, 333, and 59.

Sincerely yours,

Albert H. Quie, Governor

May 25, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
59		190	May 25	May 25
182		191	May 25	May 25
219		192	May 25	May 25
228		193	May 25	May 25
332		194	May 25	May 25
333		195	May 25	May 25
363		196	May 25	May 25
529		197	May 25	May 25
622		198	May 25	May 25
808		199	May 25	May 25
843		200	May 25	May 25
961		201	May 25	May 25
1328		202	May 25	May 25
1351		203	May 25	May 25
	99	204	May 25	May 25
	198	205	May 25	May 25
	222	206	May 25	May 25
	227	207	May 25	May 25
	313	208	May 25	May 25
	357	209	May 25	May 25
	370	210	May 25	May 25
	487	211	May 25	May 25
	508	212	May 25	May 25
	515	213	May 25	May 25

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
	521	214	May 25	May 25
	546	215	May 25	May 25
	747	216	May 25	May 25
	749	217	May 25	May 25
	912	218	May 25	May 25
	936	219	May 25	May 25
	988	220	May 25	May 25
	1018	221	May 25	May 25
	1029	222	May 25	May 25
	1037	223	May 25	May 25
	1062	224	May 25	May 25
	1101	225	May 25	May 25
	1324	226	May 25	May 25
	1353	227	May 25	May 25
	1364	228	May 25	May 25
	1377	229	May 25	May 25
	1444	230	May 25	May 25

Sincerely,

Joan Anderson Growe,
Secretary of State

May 25, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I am returning to you Senate File 498 unsigned for the purpose of vetoing that measure.

I do so reluctantly since Section 1 of the bill, which constitutes the original bill introduced by Senator Setzepfandt and Representative Patton, is clearly a worthwhile and noncontroversial provision. However, Section 2 of the bill which was amended on to it in the Transportation Committee of the House of Representatives is a special interest provision which runs contrary to the clearly enunciated regulatory practices for motor vehicle carriers as established by the Public Service Commission.

Section 2 of the bill would allow a large carrier which presently possesses local cartage, contract and certificated authorities to acquire irregular route authority without giving up its other authorities as would be required under the present regulatory scheme.

Irregular route authority would give the concern which seeks to acquire that authority a substantial competitive advantage over other motor carriers in the State without giving them an op-

portunity to appear and present their objections to the Public Service Commission in a customary regulatory proceeding.

For the foregoing reasons, I cannot allow this bill to become law.

Sincerely,

Albert H. Quie, Governor

May 29, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I am vetoing S.F. 607 which establishes in Sections 2 and 3 a research program on the therapeutic use of marijuana. S.F. 607 does not provide any funds for research and in my judgment does not establish sufficient research guidelines or clarify investigational procedures to merit status as a research program.

The Federal Government has established procedures for the scientific experimental use of drugs, with protective research criteria clearly defined for experimentation. These current Federal programs investigating the use of marijuana permit physician participation without the need of enabling state legislation.

In addition it is my view that the "qualifications review board" which this bill establishes to certify patients, practitioners, and pharmacies for participation in the program will be administratively cumbersome and expensive and of questionable usefulness for either the individual patient or for research purposes.

Finally, not only are there no appropriations for research but no appropriation is included to address the costs of promulgating rules, administering the program, funding per diem and travel for the qualifications review board and writing contracts with the National Institute on Drug Abuse. If the State were to participate in such a research effort, an appropriation would be needed.

The negative effects of therapeutic research program contained in Sections 2 and 3 warrant a veto. I anticipate that Section 1 which prescribes increased penalties for the possession of controlled substances on school premises will be able to stand on its own merit next year.

Sincerely,

Albert H. Quie, Governor

May 29, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S. F. Nos: 26, 1074, 420, 1243, 1099, 186, 303, 432, 1025, 1026, 118, 765, 435, 450, 1435, 732, 130, 874, 712, 681, 799, 600, 436 and 787.

Sincerely,

Albert H. Quie, Governor

May 29, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
26		231	May 29	May 29
118		232	May 29	May 29
130		233	May 29	May 29
186		234	May 29	May 29
303		235	May 29	May 29
420		236	May 29	May 29
432		237	May 29	May 29
435		238	May 29	May 29
436		239	May 29	May 29
450		240	May 29	May 29
600		241	May 29	May 29
681		242	May 29	May 29
712		243	May 29	May 29
732		244	May 29	May 29
765		245	May 29	May 29
787		246	May 29	May 29
799		247	May 29	May 29
874		248	May 29	May 29
1025		249	May 29	May 29
1026		250	May 29	May 29
1074		251	May 29	May 29
1099		252	May 29	May 29
1243		253	May 29	May 29

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
	107	254	May 29	May 29
	123	255	May 29	May 29
	268	256	May 29	May 29
	277	257	May 29	May 29
	555	258	May 29	May 29
	643	259	May 29	May 29
	792	260	May 29	May 29
	877	261	May 29	May 29
	914	262	May 29	May 29
	1238	263	May 29	May 29
	1309	264	May 29	May 29
1435	Resolution	3	May 29	May 29

Sincerely,

Joan Anderson Growe,
Secretary of State

May 30, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 1002, 481, 1047, 1218, 1425, 1191, 926, 709, 856, and 27.

Sincerely,

Albert H. Quie, Governor

May 30, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
27		265	May 30	May 30
481		266	May 30	May 30
709		267	May 30	May 30
856		268	May 30	May 30
926		269	May 30	May 30

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
1002		270	May 30	May 30
1047		271	May 30	May 30
1191		272	May 30	May 30
1218		273	May 30	May 30
1425		274	May 30	May 30
	87	275	May 30	May 30
	360	276	May 30	May 30
	451	277	May 30	May 30
	534	278	May 30	May 30
	564	279	May 30	May 30
	597	280	May 30	May 30
	699	281	May 30	May 30
	866	282	May 30	May 30
	913	283	May 30	May 30
	970	284	May 30	May 30
	1111	285	May 30	May 30
	1236	286	May 30	May 30

Sincerely,

Joan Anderson Growe,
Secretary of State

May 31, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 549, 831 and 1553.

Sincerely,

Albert H. Quie, Governor

May 31, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
549		287	May 31	May 31
831		288	May 31	May 31
1553		289	May 31	May 31
	13	290	May 31	May 31
	60	291	May 31	May 31
	145	292	May 31	May 31
	746	293	May 31	May 31
	772	294	May 31	May 31
	852	295	May 31	May 31
	907	296	May 31	May 31
	1167	297	May 31	May 31
	1198	298	May 31	May 31
	1206	299	May 31	May 31
	1241	300	May 31	May 31
	1253	301	May 31	May 31
	1329	302	May 31	May 31

Sincerely,

Joan Anderson Growe,
Secretary of State

June 1, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 521 and 188.

Sincerely,

Albert H. Quie, Governor

June 1, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
	1495	303	June 1	June 1
188		304	June 1	June 1
521		305	June 1	June 1
	261	306	June 1	June 1
	272	307	June 1	June 1
	317	308	June 1	June 1
	588	309	June 1	June 1
	624	310	June 1	June 1
	633	311	June 1	June 1
	686	312	June 1	June 1
	740	313	June 1	June 1
	1084	314	June 1	June 1
	1091	315	June 1	June 1

Sincerely,

Joan Anderson Growe,
Secretary of State

June 1, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

Returned to you herewith and unsigned please find Senate File 1476, which relates to detached banking facilities. As the bill appears in its final form, I feel compelled to veto it in spite of some of the constructive changes the bill would make for remote banking facilities.

The detached banking facility laws of the State were designed to allow each bank to provide limited customer banking services at two separate locations up to 25 miles from the main banking office. It is essential that the structure of this system not be disturbed so as to provide a competitive advantage for any bank in the State, whether independently owned or controlled by multi-bank holding company.

Senate File 1476 would, in my view, provide such a competitive advantage for two banks. It would allow two additional detached facilities for Northwestern National Bank of Minneapolis through its Lake Street office and would allow First National Bank of Minneapolis two additional detached facilities through its West Broadway office. Allowing these banks two additional detached facilities each through those banking offices would give them an unfair competitive advantage over the remaining banking industry

in the State. For this reason, I must reject these special franchises and veto this legislation.

Sincerely,

Albert H. Quie, Governor

June 5, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 1510, 486, 202, 1504, 1548 and 528.

Sincerely yours,

Albert H. Quie, Governor

June 5, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S. F. No.	H. F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
202		316	June 5	June 5
486		317	June 5	June 5
528		318	June 5	June 5
	218	319	June 5	June 5
	235	320	June 5	June 5
	248	321	June 5	June 5
	257	322	June 5	June 5
	260	323	June 5	June 5
	368	324	June 5	June 5
	444	325	June 5	June 5
	703	326	June 5	June 5
	724	327	June 5	June 5
	738	328	June 5	June 5
	810	329	June 5	June 5
	842	330	June 5	June 5
	1392	331	June 5	June 5
	1467	332	June 5	June 5
1510		333	June 5	June 5
	223	334	June 5	June 5

S. F. No.	H.F. No.	Session Laws Chapter No.	Date Approved 1979	Date Filed 1979
	1526	335	June 5	June 5
	1518	336	June 5	June 5
1504		337	June 5	June 5
	1605	338	June 5	June 5
	1606	339	June 5	June 5
1548		340	June 5	June 5

Sincerely,

Joan Anderson Growe,
Secretary of State

July 2, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

On June 27, 1979 the Subcommittee on Committees met at the State Capitol and by appropriate action made the following appointments:

Pursuant to Special Session Laws 1979, Chapter 3, Workers' Compensation State Fund Legislative Study Commission

Messrs. Keefe, S.; Laufenburger; Luther; Nichols; Vega and Mrs. Brataas.

Pursuant to Laws 1979, Chapter 333, Joint Legislative Committee on Solid and Hazardous Waste

Messrs. Willet, Dunn, Luther, Merriam, Strand and Olson.

Respectfully submitted,
Nicholas D. Coleman, Chairman
Subcommittee on Committees

October 9, 1979

The Honorable Nicholas Coleman, Chairman
Subcommittee on Committees

Dear Sir:

Laws 1979, Chapter 336 requires the President of the Senate to appoint two members of the Minnesota Senate to the Committee to Study the Financing of Correctional Services and the Community Corrections Act in Minnesota.

Accordingly, I do hereby appoint the following:

Messrs. Nelson and Knutson.

Very truly yours,

Edward J. Gearty,
President of the Senate

October 10, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

On October 9, 1979 the Subcommittee on Committees met at the State Capitol and by appropriate action made the following appointments:

Pursuant to Laws 1976, Chapter 337, as amended by Laws 1978, Chapter 793, Advisory Council on the Economic Status of Women

Mr. Olhoft

Pursuant to Minnesota Statutes 1978, Section 1.34, Subdivision 1, Advisory Committee to Minnesota-Wisconsin Boundary Area Commission

Mr. Stern

Pursuant to Laws 1979, Chapter 315, Joint Agricultural Land Preservation Committee

Messrs. Dunn, Engler, Hanson, Olhoft, Purfeerst, Schmitz, Strand and Wegener

Pursuant to Minnesota Statutes 1978, Section 1.22, Great Lakes Commission

Mr. Dieterich

Pursuant to action of the Committee on Rules and Administration taken on October 9, 1979, the following select committee was established: Select Committee on Juvenile Justice

Messrs. Sikorski, Chairman; Gunderson; Hanson; Keefe, J.;

Knutson; Lessard; McCutcheon; Perpich; Schaaf; Sillers; and Coleman, ex officio.

Pursuant to Senate Resolution No. 36, the Subcommittee on Committees appointed Senator Irving Stern to the following standing committees of the Senate:

- Committee on Agriculture and Natural Resources
- Committee on Energy and Housing
- Committee on Transportation

Respectfully submitted,
 Nicholas D. Coleman, Chairman
 Subcommittee on Committees

October 25, 1979

The Honorable Edward J. Gearty
 President of the Senate

Dear Sir:

On October 22, 1979 the Subcommittee on Committees met at the State Capitol and by appropriate action made the following appointments:

Pursuant to Laws 1979, Chapter 303, Legislative Study Group to Examine the Structure of Government of the City of Minneapolis

Messrs. Dieterich; McCutcheon; Keefe, S.; Hanson; Spear and Ogdahl

Pursuant to action of the Committee on Rules and Administration taken October 9, 1979, Select Committee on Juvenile Justice (additional appointment)

Mr. Knoll

Respectfully submitted,
 Nicholas D. Coleman, Chairman
 Subcommittee on Committees

JOURNAL

OF THE

SENATE

STATE OF MINNESOTA

SEVENTY-FIRST LEGISLATURE

SPECIAL SESSION

1979

STATE OF MINNESOTA

Journal of the Senate

SPECIAL SESSION

FIRST DAY

St. Paul, Minnesota, Thursday, May 24, 1979

The Senate met at 9:00 o'clock a.m. and was called to order by the President.

Prayer was offered by the Chaplain, Rev. Winfield Johnson.

The Secretary called the roll by legislative districts in numerical order, and the following Senators answered to their names:

First District Marvin B. Hanson
Second District Roger D. Moe
Third District Bob Lessard
Fourth District Gerald L. Willet
Fifth District George F. Perpich
Sixth District Douglas J. Johnson
Seventh District Sam George Solon
Eighth District James Ulland
Ninth District Douglas H. Sillers
Tenth District
Eleventh District Wayne Olhofft
Twelfth District Myrton O. Wegener
Thirteenth District Dave Rued
Fourteenth District Florian Chmielewski
Fifteenth District Roger E. Strand
Sixteenth District
Seventeenth District Jack I. Kleinbaum
Eighteenth District Robert G. Dunn
Nineteenth District Jerald C. Anderson
Twentieth District
Twenty-first District A.O.H. Setzepfandt
Twenty-second District John Bernhagen
Twenty-third District Earl W. Renneke
Twenty-fourth District Clarence M. Purfeerst
Twenty-fifth District Steve Engler
Twenty-sixth District Marion (Mike) Menning
Twenty-seventh District Howard D. Olson
Twenty-eighth District Carl A. Jensen
Twenty-ninth District Arnulf Ueland, Jr.

Thirtieth District	Timothy J. Penny
Thirty-first District	Tom Nelson
Thirty-second District	Mel Frederick
Thirty-third District	
Thirty-fourth District	Roger Laufenburger
Thirty-fifth District	Jerome O. Gunderson
Thirty-sixth District	Robert J. Schmitz
Thirty-seventh District	William G. Kirchner
Thirty-eighth District	Robert M. Benedict
Thirty-ninth District	Otto T. Bang, Jr.
Fortieth District	
Forty-first District	(vacant)
Forty-second District	George S. Pillsbury
Forty-third District	Emily Anne Staples
Forty-fourth District	Hubert H. Humphrey, III
Forty-fifth District	William P. Luther
Forty-sixth District	David D. Schaaf
Forty-seventh District	Gene Merriam
Forty-eighth District	Robert O. Ashbach
Forty-ninth District	Delores Knaak
Fiftieth District	Jerome M. Hughes
Fifty-first District	Gerry Sikorski
Fifty-second District	Conrad M. Vega
Fifty-third District	Howard A. Knutson
Fifty-fourth District	Edward J. Gearty
Fifty-fifth District	Eugene E. Stokowski
Fifty-sixth District	Robert J. Tennesen
Fifty-seventh District	Allan H. Spear
Fifty-eighth District	Harmon T. Ogdahl
Fifty-ninth District	Steve Keefe
Sixtieth District	Jack Davies
Sixty-first District	Franklin J. Knoll
Sixty-second District	Neil Dieterich
Sixty-third District	Ron Sieloff
Sixty-fourth District	Peter P. Stumpf
Sixty-fifth District	Nicholas D. Coleman
Sixty-sixth District	John C. Chenoweth
Sixty-seventh District	Bill McCutcheon

STATE OF MINNESOTA

PROCLAMATION

WHEREAS, Essential legislation to provide for the welfare of the people of Minnesota and for the operation of State government for the next biennium has not been acted upon by the Legislature; and

WHEREAS, The time permitted by law for passage of such legislation during the 1979 Session of the Legislature has expired and an extraordinary occasion is thereby created; and

WHEREAS, Article IV, Section 12 of the Constitution of the State of Minnesota provides that a special session of the Legislature may be called on extraordinary occasions;

NOW, THEREFORE, I, ALBERT H. QUIE, Governor of the State of Minnesota do hereby summon you, members of the Legislature, to convene in Extra Session on Thursday, May 24, 1979, at 9:00 in the morning on that day at the Capitol in Saint Paul, Minnesota.

It is my sincere hope that the Legislature will conclude its work in one day and that it will abide by the agreement of the leaders of the Legislature to limit its work to consideration of workers compensation legislation, the energy bill, the appropriations bill for transportation, and whether provision for the Saint Paul Downtown People Mover should be made in the appropriations bill for transportation.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Minnesota to be affixed at the State Capitol this twenty-third day of May in the year of our Lord one thousand nine hundred seventy-nine, and of the State the one hundred twenty-second.

ALBERT H. QUIE,
Governor

JOAN ANDERSON GROWE,
Secretary of State

MEMBERS EXCUSED

Mrs. Brataas, Messrs. Nichols, Peterson and Schrom were excused from the Session of today. Mr. Keefe, J. was excused from the Session of today until 11:04 o'clock a.m.

RECESS

Mr. Coleman moved that the Senate do now recess until 10:15 o'clock a.m. The motion prevailed.

The hour of 10:15 o'clock a.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Frederick	Knoll	Pillsbury	Strand
Ashbach	Gearty	Knutson	Purfeerst	Stumpf
Benedict	Hanson	Laufenburger	Renneke	Ueland, A.
Bernhagen	Hughes	Menning	Rued	Ulland, J.
Chenoweth	Humphrey	Moe	Schmitz	Vega
Chmielewski	Jensen	Nelson	Setzepfandt	Wegener
Coleman	Johnson	Ogdahl	Sieloff	Willet
Davies	Keefe, S.	Olhoff	Sikorski	
Dieterich	Kirchner	Olson	Sillers	
Dunn	Kleinbaum	Penny	Spear	
Engler	Knaak	Perpich	Stokowski	

The Sergeant at Arms was instructed to bring in the absent members.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House of Representatives of the State of Minnesota is now duly organized pursuant to law.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 24, 1979

MOTIONS AND RESOLUTIONS

Mr. Coleman introduced—

Senate Resolution No. 1: A Senate resolution relating to organization and operation of the Senate during the Special Session.

BE IT RESOLVED, by the Senate:

That the Senate is organized pursuant to Minnesota Statutes 1978, Sections 3.073 and 3.103.

The Rules of the Senate for the 71st Legislature shall be the Rules for the Special Session except that Rules 33, 40, 62 and 57 shall not be operative other than as provided herein.

The Committee on Rules and Administration is established in the same manner and with the same powers as pertained in the 71st Legislature.

With respect to Rule 31, Reconsideration, a notice of intention to move for reconsideration shall not be in order, but a motion to reconsider may be made, and when made shall have priority over other business except a motion to adjourn.

Mr. Coleman moved the adoption of the foregoing resolution.

The question was taken on the adoption of the resolution.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knoll	Pillsbury	Strand
Ashbach	Gearty	Laufenburger	Purfeerst	Stumpf
Bang	Gunderson	Lessard	Renneke	Tennessee
Benedict	Hanson	Luther	Rued	Ueland, A.
Bernhagen	Hughes	Menning	Schmitz	Ulland, J.
Chenoweth	Humphrey	Moe	Setzepfandt	Vega
Chmielewski	Jensen	Nelson	Sieloff	Wegener
Coleman	Johnson	Ogdahl	Sikorski	Willet
Davies	Keefe, S.	Olhoff	Sillers	
Dieterich	Kirchner	Olson	Solon	
Dunn	Kleinbaum	Penny	Spear	
Engler	Knaak	Perpich	Stokowski	

The motion prevailed. So the resolution was adopted.

Mr. Coleman introduced—

Senate Resolution No. 2: A Senate resolution relating to notifying the House of Representatives and the Governor that the Senate is organized.

BE IT RESOLVED, by the Senate:

That the Secretary of the Senate shall notify the House of Representatives and the Governor that the Senate is now duly organized pursuant to the Minnesota Constitution and Minnesota Statutes.

Mr. Coleman moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Remaining on the Order of Business of Motions and Resolutions, Mr. Coleman moved to revert to the Order of Business of Introduction and First Reading of Senate Bills. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time.

Messrs. Keefe, S.; Laufenburger; Nichols; Luther and Willet introduced—

S. F. No. 1: A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increasing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability and amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance; establishing a reopened case fund; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, by adding subdivisions; 79.095; 79.10; 79.21; 79.22; 79.25; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.081, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivision 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.132, Subdivision 2; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179;

176.181, Subdivision 2, and by adding a subdivision; 176.191; 176.221; 176.231, Subdivisions 1 and 2; 176.235; 176.241; 176.271; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding sections; repealing Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7.

SUSPENSION OF RULES

Mr. Keefe, S. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S. F. No. 1 and that the rules of the Senate be so far suspended as to give S. F. No. 1 its second and third reading and place it on its final passage. The motion prevailed.

S. F. No. 1 was read the second time.

S. F. No. 1 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Gearly	Knutson	Penny	Solon
Ashbach	Gunderson	Laufenburger	Perpich	Spear
Bang	Hanson	Lessard	Pillsbury	Staples
Benedict	Hughes	Luther	Purfeerst	Stokowski
Bernhagen	Humphrey	McCutcheon	Renneke	Strand
Chenoweth	Jensen	Menning	Rued	Stumpf
Chmielewski	Johnson	Merriam	Schaaf	Tennessen
Coleman	Keefe, S.	Moe	Schmitz	Ueland, A.
Davies	Kirchner	Nelson	Setzepfandt	Ulland, J.
Dieterich	Kleinbaum	Ogdahl	Sieloff	Vega
Dunn	Knaak	Olhoff	Sikoraki	Wegener
Engler	Knoll	Olson	Sillers	Willet

Mr. Frederick voted in the negative.

So the bill passed and its title was agreed to.

INTRODUCTION AND FIRST READING OF SENATE BILLS

—CONTINUED

The following bill was read the first time.

Messrs. Anderson, Ogdahl, Peterson, Humphrey and Knoll introduced—

S. F. No. 2: A bill for an act relating to energy; clarifying the procedures for declaring an energy emergency; prescribing the powers of the governor and executive council in an emergency; providing for the issuance of temporary rules by the director of the energy agency; prescribing additional elements of the energy emergency conservation and allocation plan; providing for earth sheltered construction zoning variances; prohibiting local governments from banning earth sheltered construction; requiring certain building energy reports and audits; requiring the energy agency to disseminate infor-

mation on the potential hazards of energy conservation techniques; providing for an adult and post-secondary energy education plan; changing energy conservation standards for existing residential buildings; limiting the time for application for certain variances; providing a method for determining certain efficiencies for air conditioners; providing partial funding to the University of Minnesota, school districts, municipalities and counties for energy audits and energy conservation measures; requiring notice to the Minnesota energy agency of the proposed discontinuance of certain municipal steam heat systems; authorizing a weatherization program for low-income persons; appropriating money; prescribing a penalty; amending Minnesota Statutes 1978, Sections 12.02, Subdivision 1; 12.03, Subdivision 4, and by adding a subdivision; 12.21, Subdivisions 1 and 3, and by adding a subdivision; 12.28; 12.32; 16.32, by adding a subdivision; 116H.02, Subdivisions 3 and 5, and by adding subdivisions; 116H.08; 116H.085; 116H.09, Subdivisions 1, 4, and 5; 116H.11; 116H.12, Subdivisions 1a, 1b, 3a, 3b, and 10; 116H.122; 116H.123; 116H.124; 116H.126; 116H.129, Subdivisions 1, 6 and 7; 116H.13; 116H.15; 120.78, Subdivision 1; 325.989, by adding a subdivision; 394.25, Subdivision 3; 394.27, Subdivision 7; 451.09; 462.357, Subdivisions 1 and 6; 462A.02, by adding a subdivision; Chapter 116H, by adding sections; and Chapter 268, by adding a section.

SUSPENSION OF RULES

Mr. Anderson moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S. F. No. 2 and that the rules of the Senate be so far suspended as to give S. F. No. 2 its second and third reading and place it on its final passage. The motion prevailed.

S. F. No. 2 was read the second time.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Gearty	Knutson	Perpich	Stokowski
Ashbach	Gunderson	Laufenburger	Pillsbury	Strand
Bang	Hanson	Lessard	Purfeerst	Stumpf
Benedict	Hughes	Luther	Renneke	Tennesen
Bernhagen	Humphrey	McCutcheon	Rued	Ueland, A.
Chenoweth	Jensen	Menning	Schmitz	Ulland, J.
Chmielewski	Johnson	Merriam	Setzepfandt	Vega
Coleman	Keefe, J.	Moe	Sieloff	Wegener
Davies	Keefe, S.	Nelson	Sikorski	Willet
Dieterich	Kirchner	Ogdahl	Sillers	
Dunn	Kleinbaum	Olhoff	Solon	
Engler	Knaak	Olson	Spear	
Frederick	Knoll	Penny	Staples	

The Sergeant at Arms was instructed to bring in the absent members.

S. F. No. 2 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Pillsbury	Stokowski
Ashbach	Gunderson	Laufenburger	Purfeerst	Strand
Bang	Hanson	Lessard	Renneke	Stumpf
Benedict	Hughes	Luther	Rued	Tennessee
Bernhagen	Humphrey	McCutcheon	Schaaf	Ueland, A.
Chenoweth	Jensen	Menning	Schmitz	Ulland, J.
Chmielewski	Johnson	Merriam	Setzepfandt	Vega
Coleman	Keefe, J.	Moe	Sieloff	Wegener
Davies	Keefe, S.	Nelson	Sikorski	Willet
Dieterich	Kirchner	Ogdahl	Sillers	
Dunn	Kleinbaum	Olhoff	Solon	
Engler	Knaak	Olson	Spear	
Frederick	Knoll	Perpich	Staples	

Mr. Penny voted in the negative.

So the bill passed and its title was agreed to.

INTRODUCTION AND FIRST READING OF SENATE BILLS —CONTINUED

The following bill was read the first time.

Mr. Schaaf introduced—

S. F. No. 3: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and for other purposes with certain conditions; providing for improvements to access roads to Still-water state prison and Thistledeu corrections camp; providing for legislative review of requests to expend federal money; providing for encouragement, coordination and safety regulation of programs concerning special transportation service; modifying the rail service improvement program and the rail user loan guarantee program; authorizing acquisition of certain rail lines; permitting state payment of interest adjustments on guaranteed loans to rail users; amending Minnesota Statutes 1978, Sections 161.123; 174.03, Subdivision 4; 174.23, Subdivision 2, and by adding a subdivision; 174.24, Subdivisions 2, 3, and 4; 174.25, Subdivision 1; 174.26, Subdivision 1; 174.28; 222.48; 222.50, Subdivisions 3, 4, 6, and by adding subdivisions; 222.51; 222.53; 222.55; 222.56, Subdivision 5; 222.57; 222.58, Subdivision 2, and by adding a subdivision; 256B.04, Subdivision 12; 360.015, by adding a subdivision; 473.408, Subdivision 3, and by adding subdivisions; 473.411, Subdivision 1; Chapters 3, by adding a section; 174, by adding sections; and 222, by adding sections; and amending Laws 1973, Chapter 567, Section 8.

Mr. Schaaf moved that S. F. No. 3 be laid on the table. The motion prevailed.

RECESS

Mr. Coleman moved that the Senate do now recess until 1:30 o'clock p.m. The motion prevailed.

The hour of 1:30 o'clock p.m. having arrived, the President called the Senate to order.

RECESS

Mr. Coleman moved that the Senate do now recess until 2:30 o'clock p.m. The motion prevailed.

The hour of 2:30 o'clock p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Coleman imposed a call of the Senate. The following Senators answered to their names:

Anderson	Dunn	Kirchner	Ogdahl	Sillers
Ashbach	Engler	Kleinbaum	Olhoft	Staples
Bang	Frederick	Knoll	Penny	Stokowski
Benedict	Gearty	Knutson	Pillsbury	Stumpf
Chenoweth	Gunderson	Laufenburger	Renneke	Tennessee
Chmielewski	Hanson	Luther	Rued	Ueland, A.
Coleman	Hughes	McCutcheon	Schmitz	Ulland, J.
Davies	Johnson	Merriam	Sieloff	Wegener
Dieterich	Keefe, S.	Moe	Sikorski	Willet

The Sergeant at Arms was instructed to bring in the absent members.

Without objection, the Senate reverted to the Order of Business of Executive and Official Communications, Messages From the House and First Reading of House Bills.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

May 24, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the pleasure of advising you that I have delivered to the Office of the Secretary of the Senate the names of notaries public in the State of Minnesota.

Pursuant to the provisions of Article V, Section 3, I hereby appoint those individuals as notaries public, and hereby request the advice and consent of the Senate in those appointments.

Very truly yours,

Albert H. Quie, Governor

SUSPENSION OF RULES

Mr. Coleman moved that the rules of the Senate be so far suspended as to allow confirmation of the appointments of the notaries public today. The motion prevailed.

CONFIRMATION

Mr. Tennesen moved to confirm the appointments of these notaries public and those appointed since the Senate last confirmed the appointments of notaries public. The motion prevailed. So the appointments were confirmed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted:

H. F. No. 1: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and for other purposes with certain conditions; providing for improvements to access roads to Stillwater state prison and Thistledeew corrections camp; providing for legislative review of requests to expend federal money; providing for encouragement, coordination and safety regulation of programs concerning special transportation service; modifying the rail service improvement program and the rail user loan guarantee program; authorizing acquisition of certain rail lines; permitting state payment of interest adjustments on guaranteed loans to rail users; amending Minnesota Statutes 1978, Sections 161.123; 174.03, Subdivision 4; 174.23, Subdivision 2, and by adding a subdivision; 174.24, Subdivisions 2, 3, and 4; 174.25, Subdivision 1; 174.26, Subdivision 1; 174.28; 222.48; 222.50, Subdivisions 3, 4, 6, and by adding subdivisions; 222.51; 222.53; 222.55; 222.56, Subdivision 5; 222.57; 222.58, Subdivision 2, and by adding a subdivision; 256B.04, Subdivision 12; 360.015, by adding a subdivision; 473.408, Subdivision 3, and by adding subdivisions; 473.411, Subdivision 1; Chapters 3, by adding a section; 174, by adding sections; and 222, by adding sections; and amending Laws 1973, Chapter 567, Section 8.

Edward A. Burdick, Chief Clerk, House of Representatives
Transmitted May 24, 1979

FIRST READING OF HOUSE BILLS

H. F. No. 1 was read the first time.

SUSPENSION OF RULES

Mr. Moe moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H. F. No. 1 and that the rules of the Senate be so far suspended as to give H. F. No. 1 its second and third reading and place it on its final passage. The motion prevailed.

H. F. No. 1 was read the second time.

H. F. No. 1 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Gearty	Knutson	Pillsbury	Stokowski
Ashbach	Gunderson	Laufenburger	Purfeerst	Strand
Bang	Hanson	Lessard	Renneke	Stumpf
Benedict	Hughes	Luther	Rued	Tennessee
Bernhagen	Humphrey	Menning	Schaaf	Ueland, A.
Chenoweth	Jensen	Merriam	Schmitz	Ulland, J.
Chmielewski	Johnson	Moe	Setzepfandt	Vega
Coleman	Keefe, J.	Nelson	Sieloff	Wegener
Davies	Keefe, S.	Ogdahl	Sikorski	Willet
Dieterich	Kirchner	Olhoff	Sillers	
Dunn	Kleinbaum	Olson	Solon	
Engler	Knaak	Penny	Spear	
Frederick	Knoll	Perpich	Staples	

Mr. McCutcheon voted in the negative.

So the bill passed and its title was agreed to.

Without objection, the Senate reverted to the Order of Business of Messages from the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned:

S. F. Nos. 1 and 2.

Edward A. Burdick, Chief Clerk, House of Representatives
Returned May 24, 1979

MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Coleman introduced—

Senate Resolution No. 3: A Senate resolution relating to adjournment of the 1979 Special Session.

BE IT RESOLVED, by the Senate:

That the Secretary of the Senate shall notify the Governor and the House of Representatives that the Senate is about to adjourn the Special Session sine die.

That the Secretary of the Senate may correct and approve the Journal of the Senate for the Special Session of 1979.

Mr. Coleman moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Mr. Coleman moved that the Senate do now adjourn sine die. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**Communications Received Subsequent to Adjournment
Executive and Official Communications**

June 7, 1979

The Honorable Edward J. Gearty
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S. F. Nos. 1 and 2.

Sincerely yours,
Albert H. Quie, Governor

June 7, 1979

The Honorable Rod Searle
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1979 Special 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.	Special Session Laws Chapter No.	Date Approved	Date Filed
			1979	1979
	1	1	June 7	June 7
2		2	June 7	June 7
1		3	June 7	June 7

Sincerely,
Joan Anderson Growe,
Secretary of State

INDEX

SPECIAL SESSION 1979

INDEX

BILLS OF THE SENATE SPECIAL SESSION 1979

S. F. Nos.	TITLE	First Reading and Reference	Second Reading	Other Proceedings	Third Reading	Subsequent Proceedings	Returned from House	Approved	Special Session, 1979 Laws, Chapter
1	<p>A bill for an act relating to workers' compensation; changing certain insurance rate making procedures; increasing the membership of the workers' compensation court of appeals; directing certain studies; providing for certain schedules and lists; increasing certain staff; relocating workers' compensation court of appeals; changing availability and amounts for certain benefits; changing rehabilitation procedures; changing certain presumptions; changing basis for attorneys' fees; changing notice provisions; establishing a workers' compensation reinsurance association; transferring self-insuring duties to the commissioner of insurance; establishing a reopened case fund; appropriating money; amending Minnesota Statutes 1978, Sections 79.01, by adding subdivisions; 79.095; 79.10; 79.21; 79.22; 79.25; 175.006, Subdivision 1; 175.08; 176.011, Subdivisions 9 and 15; 176.021, Subdivision 3; 176.061, Subdivision 5; 176.061, Subdivision 5; 176.101, Subdivisions 1, 3 and 4; 176.111, Subdivision 1; 176.131, Subdivisions 3, 10 and by adding a subdivision; 176.132, Subdivision 2; 176.135, by adding a subdivision; 176.141; 176.155, Subdivision 2; 176.179; 176.181, Subdivision 2; and by adding a subdivision; 176.191, 176.221; 176.231, Subdivisions 1 and 2; 176.235; 176.241; 176.271; 176.391, Subdivision 2; 176.521, Subdivision 1; Chapters 79, by adding sections; and 176, by adding sections; repealing Minnesota Statutes 1978, Sections 79.05; 79.06; 79.07; 175.092; and 176.101, Subdivision 7.</p>	7	8	8	8		13	14	3 Sp. Sess. 1979
2	<p>A bill for an act relating to energy; clarifying the procedures for declaring an energy emergency; prescribing the powers of the governor and executive council in an emergency; providing for the issuance of temporary rules by the director of the energy agency; prescribing additional elements of the energy emergency conservation and allocation plan; providing for earth sheltered construction zoning variances; prohibiting local governments from banning earth sheltered construction; requiring certain building energy reports and audits; requiring the energy</p>	8	9	9	9		13	14	2 Sp. Sess. 1979

**BILLS OF THE SENATE—Continued.
SPECIAL SESSION 1979**

S. F. Nos.	TITLE	First Reading and Reference	Second Reading	Other Proceedings	Third Reading	Subsequent Proceedings	Returned from House	Approved	Special Session, 1979 Laws, Chapter
	<p>agency to disseminate information on the potential hazards of energy conservation techniques; providing for an adult and post-secondary energy education plan; changing energy conservation standards for existing residential buildings; limiting the time for application for certain variances; providing a method for determining certain efficiencies for air conditioners; providing partial funding to the University of Minnesota, school districts, municipalities and counties for energy audits and energy conservation measures; requiring notice to the Minnesota energy agency of the proposed discontinuance of certain municipal steam heat systems; authorizing a weatherization program for low-income persons; appropriating money; prescribing a penalty; amending Minnesota Statutes 1978, Sections 12.02, Subdivision 1; 12.03, Subdivision 4, and by adding a subdivision; 12.21, Subdivisions 1 and 3, and by adding a subdivision; 12.28; 12.32; 16.32, by adding a subdivision; 116H.02, Subdivisions 3 and 5, and by adding subdivisions; 116H.08; 116H.085; 116H.09, Subdivisions 1, 4, and 5; 116H.11; 116H.12, Subdivisions 1a, 1b, 3a, 3b, and 10; 116H.122; 116H.123; 116H.124; 116H.126; 116H.129, Subdivisions 1, 6 and 7; 116H.13; 116H.15; 120.78, Subdivision 1; 325.989, by adding a subdivision; 394.25, Subdivision 3; 394.27, Subdivision 7; 451.09; 462.357, Subdivisions 1 and 6; 462A.02, by adding a subdivision; Chapter 116H, by adding sections; and Chapter 268, by adding a section.</p>								
3	<p>A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and for other purposes with certain conditions; providing for improvements to access roads to Stillwater state prison and Thistledeau corrections camp; providing for legislative review of requests to expend federal money; providing for encouragement, coordination and safety regulation of programs concerning special transportation service; modifying the rail service improvement program and the rail user loan guarantee program; authorizing acquisition of certain rail lines; per-</p>	10		10					

BILLS OF THE SENATE—Continued.
SPECIAL SESSION 1979

S. F. Nos.	TITLE	First Reading and Reference	Second Reading	Other Proceedings	Third Reading	Subsequent Proceedings	Returned from House	Approved	Special Session, 1979 Laws, Chapter
	<p>mitting state payment of interest adjustments on guaranteed loans to rail users; amending Minnesota Statutes 1978, Sections 161.123; 174.03, Subdivision 4; 174.23, Subdivision 2, and by adding a subdivision: 174.24, Subdivisions 2, 3, and 4; 174.25, Subdivision 1; 174.26, Subdivision 1; 174.29; 222.48; 222.50, Subdivisions 3, 4, 6, and by adding subdivisions; 222.51; 222.53; 222.55; 222.56, Subdivision 6; 222.57; 222.58, Subdivision 2, and by adding a subdivision: 256B.04, Subdivision 12; 360.015, by adding a subdivision: 473.408, Subdivision 3, and by adding subdivisions; 473.411, Subdivision 1; Chapters 3, by adding a section; 174, by adding sections; and 222, by adding sections; and amending Laws 1973, Chapter 567, Section 8.</p>								

INDEX

SENATE RECORD OF HOUSE BILLS SPECIAL SESSION 1979

H. F. Nos.	TITLE	Received from House	First Reading and Reference	Second Reading	Other Proceedings	Third Reading	Subsequent Proceedings	Special Session, 1979 Laws, Chapter
1	<p>A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and for other purposes with certain conditions; providing for improvements to access roads to Stillwater state prison and Thistledeu corrections camp; providing for legislative review of requests to expend federal money; providing for encouragement, coordination and safety regulation of programs concerning special transportation service; modifying the rail service improvement program and the rail user loan guarantee program; authorizing acquisition of certain rail lines; permitting state payment of interest adjustments on guaranteed loans to rail users; amending Minnesota Statutes 1978, Sections 161.123; 174.03, Subdivision 4; 174.23, Subdivision 2, and by adding a subdivision; 174.24, Subdivisions 2, 3, and 4; 174.25, Subdivision 1; 174.26, Subdivision 1; 174.28; 222.48; 222.50, Subdivisions 3, 4, 6, and by adding subdivisions; 222.51; 222.53; 222.55; 222.56, Subdivision 5; 222.57; 222.58, Subdivision 2, and by adding a subdivision; 256B.04, Subdivision 12; 360.015, by adding a subdivision; 473.408, Subdivision 2, and by adding subdivisions; 473.411, Subdivision 1; Chapters 3, by adding a section; 174, by adding sections; and 222, by adding sections; and amending Laws 1973, Chapter 567, Section 8.</p>	12	12	12	12	13		1 Sp. Sess. 1979

INDEX

SENATE BILLS BY AUTHOR SPECIAL SESSION 1979

	S. F. No.	Sp. Sess. Chap. No.		S. F. No.	Sp. Sess. Chap. No.
ANDERSON, JERALD C.			MOE, ROGER D.		
Energy Omnibus Bill.....	2*	S 2	Omnibus Transportation Ap- propriation (H.F. 1).....		H 1
HUMPHREY, HUBERT H., III			NICHOLS, JIM		
Energy Omnibus Bill.....	2	S 2	Workers' Compensation	1	S 3
KEEFE, STEVE			OGDAHL, HARMON T.		
Workers' Compensation	1*	S 3	Energy Omnibus Bill.....	2	S 2
KNOLL, FRANKLIN J.			PETERSON, COLLIN C.		
Energy Omnibus Bill.....	2	S 2	Energy Omnibus Bill.....	2	S 2
LAUFENBURGER, ROGER			SCHAAF, DAVID D.		
Workers' Compensation	1	S 3	Omnibus Transportation Ap- propriation	3*	H 1
LUTHER, WILLIAM P.			WILLET, GERALD		
Workers' Compensation	1	S 3	Workers' Compensation	1	S 3

Note: The H or S preceding the chapter number indicates whether the House or Senate file was enacted.

* after Senate file number indicates principal author.

MISCELLANEOUS INDEX

SPECIAL SESSION 1979

SENATE ORGANIZATION

	Page No.
Call to order.....	3
Prayer, Rev. Winfield Johnson.....	3
Roll call	3

EXECUTIVE AND OFFICIAL COMMUNICATIONS

Appointment of Notaries Public.....	11
Suspension of rules and confirmation.....	12
Governor's Proclamation to convene in Extra Session, Thursday, May 24, 1979.....	4

MESSAGES FROM THE HOUSE

House of Representatives organized.....	6
---	---

RESOLUTIONS

Subject and Author	Number	Intro- duction	Adoption
Adjournment of the 1979 Special Session (Coleman)	S. Res. #3	13	13
Secretary of the Senate to notify House of Represent- tatives and Governor that Senate is organized (Coleman)	S. Res. #2	7	7
Senate organized; rules and committees for the Special Session (Coleman)	S. Res. #1	6	6